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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 27, 2020

INTELLINETICS, INC.
(Exact name of Registrant as specified in its charter)

Nevada	000-31671	87-0613716
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S Employer Identification No.)

2190 Dividend Dr., Columbus, Ohio	43228
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (614) 388-8908

Intellinetics, Inc.
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: None.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	INLX	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Item 1.01 Entry into a Material Definitive Agreement.

The information set forth in Item 2.01 of this Current Report on Form 8-K (this "Report") is incorporated by reference into this item 1.01.

The information set forth under Item 3.02 of this Report is incorporated by reference into this Item 1.01.

Item 1.02 Termination of a Material Definitive Agreement.

The information set forth under Item 3.02 of this Report is incorporated by reference into this Item 1.02.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On March 2, 2020, Intellinetics, Inc., a Nevada corporation (the "Company"), acquired all of the issued and outstanding capital stock of Graphic Sciences, Inc., a Michigan corporation ("GSI") (the "Acquisition"). Located in Madison Heights, Michigan, GSI is a document management company that provides indexing and scanning services, physical document storage, and retrieval services. Multi-year state and local government contracts account for the majority of GSI's sales.

The acquisition was consummated pursuant to a Stock Purchase Agreement, dated as of March 2, 2020 (the "Purchase Agreement"), by and among the Company, as the purchaser, GSI, as the target, and Thomas M. Liebold, Gregory P. Colton, Fredrick M. Kamienny, and Frederick L. Erlich, collectively as the sellers ("Sellers"). The initial purchase price for GSI consisted of approximately $3.5 million in cash, on a cash-free, debt-free basis, and subject to a post-closing net working capital adjustment. The positive net working capital at the time of closing consisted of approximately $1.0 million in accounts receivable and other current assets and approximately $0.3 million in trade payables and other obligations relating to GSI's ongoing business and contracts. In addition to the initial purchase price, three annual potential earnout payments of up to an aggregate of $2.5 million will be payable to the Sellers over three years if certain gross profit levels are achieved. The board of directors of the Company have approved the Purchase Agreement and the transactions contemplated thereby.

The acquisition was effective as of 12:01 a.m. on March 2, 2020. The Purchase Agreement contains customary representations and warranties as well as indemnification obligations by the Sellers, on the one hand, and by the Company, on the other hand, to each other. In addition, the Purchase Agreement contains a five year covenant not to compete by the Sellers against the Company and its affiliates in the acquired business, and related customary restrictive covenants. The Company financed the acquisition through a private placement of equity and debt as further described in Item 3.02 of this Report.

GSI provides services to the State of Michigan pursuant to the State of Michigan's Standard Contract Terms, dated June 1, 2018 and expiring on May 30, 2023, unless earlier terminated in accordance with its terms (the "Michigan Contract"). Pursuant to the Michigan Contract, the various subdivisions, agencies, and municipalities within the State of Michigan may procure document management services from GSI at a fixed price during the term of the Michigan Contract. As set forth in the Michigan Contract, attached as an exhibit hereto, the estimated contract value over the entire term of the agreement is $43,562,157; however, the State of Michigan may terminate the Michigan Contract for a variety of reasons as set forth therein, and there is no guarantee that the all, or any minimum level, of the estimated contract value will be realized by GSI.

The Company retained Taglich Brothers, Inc. (the "Placement Agent") on an exclusive basis to render financial advisory and investment banking services to the Company in connection with the acquisition of GSI. Pursuant to an Engagement Agreement, dated April 15, 2019, between the Company and the Placement Agent, the Company paid the Placement Agent a success fee of $300,000 as a result of the successful completion of the acquisition of GSI. The Company also agreed to reimburse the Placement Agent for reasonable out of pocket expenses related to the acquisition, not exceeding $5,000. The Placement Agent has certain material relationships with the Company: Robert Schroeder, a Director of the Company, is the Vice President of Investment Banking at the Placement Agent; Michael Taglich, a beneficial owner of more than 10% of the Company's common stock, par value $0.001 ("Common Stock"), is a the Co-Founder, President & Chairman of the Placement Agent; and Robert Taglich, a beneficial owner of more than 10% of the Company's Common Stock, is the Co-Founder and Managing Director of the Placement Agent.

The foregoing description of the Purchase Agreement is a summary of, and does not purport to be a complete statement of, the Purchase Agreement or the rights and obligations of the parties thereunder, and is qualified in its entirety by reference to the full text of the Purchase Agreement, which is filed herewith as Exhibit 2.1 and incorporated herein by this reference.

Cautionary Note Regarding the Purchase Agreement

The Purchase Agreement has been attached as an exhibit hereto to provide investors with information regarding its terms. It is not intended to provide any other factual information about GSI, the Sellers or the Company. The Purchase Agreement contains representations and warranties made by the Sellers and the Company. Such representations and warranties were made only for the purposes of the Purchase Agreement, are solely for the benefit of the parties to the Purchase Agreement, and are not intended to be and should not be relied upon by any other person. In addition, these representations and warranties should not be treated as establishing matters of fact, but rather as a way of allocating risk between the parties. Moreover, certain of the representations and warranties may be subject to limitations agreed upon by the parties to the Purchase Agreement and are qualified by information in confidential disclosure schedules provided by the Sellers to the Company. These representations and warranties may apply standards of materiality in a way that is different from what may be material to investors, and were made only as of the date of the Purchase Agreement or such other date or dates as may be specified in the Purchase Agreement and are subject to more recent developments. Accordingly, investors are not third party beneficiaries under the Purchase Agreement and should not rely on the representations and warranties in the Purchase Agreement as characterizations of the actual state of facts about GSI, the Sellers, or the Company, or of any of their respective businesses, assets, or contracts, or otherwise.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 3.02 of this Report is incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

Private Placement

On March 2, 2020, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with certain accredited investors (the "Investors"), pursuant to which the Company issued and sold (i) 43,750,000 shares of the Company's common stock (the "Shares"), at a price of $0.08 per Share, for aggregate gross proceeds of $3,500,000 and (ii) 2,000 units ("Units"), with each Unit consisting of $1,000 in 12% Subordinated Notes ("Notes") and 200 shares ("Unit Shares"), for aggregate gross proceeds of $2,000,000 in Units and $5,500,000 for the combined private placement pursuant to the Securities Purchase Agreement (the "Offering"). After full subscription of the Offering, the Company will have issued 47,750,000 new shares of Common Stock, including both Shares and Unit Shares. The Company used a portion of the net proceeds of the Offering to finance the acquisition of GSI described in Item 2.01 of this Report, and intends to use the remaining net proceeds for working capital and general corporate purposes, including potentially other future acquisitions.

The principal amount of the Notes, together with any accrued and unpaid interest thereon, become due and payable on February 28, 2023 (the "Maturity Date"). Interest on the Notes will accrue at the rate of 12% per annum, payable quarterly in cash, beginning on June 30, 2020 and the entire outstanding principal and accrued but unpaid interest due on the Notes is payable on the Maturity Date. Any accrued but unpaid quarterly installment of interest shall accrue interest at the rate of 14.0% per annum. Any overdue principal and accrued and unpaid interest at the Maturity Date shall accrue a mandatory default penalty of 20% of the outstanding principal balance and an interest rate of 14% per annum from the Maturity Date until paid in full.

Certain of the Investors participating in the Offering have material relationships with the Company:

- Michael Taglich, a beneficial owner of more than 10% of the currently outstanding shares of the Company's Common Stock, purchased, either directly or indirectly, 7,437,500 Shares;
- Robert Taglich, a beneficial owner of more than 10% of the currently outstanding shares of the Company's Common Stock, purchased 5,937,500 Shares;
- Robert Schroeder, a Director of the Company, purchased 250,000 Shares;
- James DeSocio, the President and Chief Executive Officer of the Company, purchased 375,000 Shares; and
- Joseph Spain, the Chief Financial Officer of the Company, purchased 100,000 Shares and 8 Units.

The Company retained Taglich Brothers, Inc., which was also the Placement Agent in the Acquisition of GSI, as the exclusive placement agent for the Offering, pursuant to a Placement Agent Agreement. In connection with the Offering, the Company paid the Placement Agent $440,000, which represented an 8% commission based upon the gross proceeds of the Offering. The Company has also committed to reimburse the Placement Agent for reasonable out of pocket expenses related to the Offering. In addition, for its services in the Offering, the Placement Agent was issued warrants to purchase 4,775,000 shares of Common Stock, which amount is equal to 10% of the Shares and Unit Shares sold in the Offering (the "Placement Agent Warrants"), which have an exercise price of $0.08 per share of Common Stock, are exercisable for a period of five years, contain customary cashless exercise and anti-dilution protection rights and are entitled to piggy-back registration rights. The Placement Agent has certain material relationships with the Company, as described in Item 2.01 of this Report.

Pursuant to the Securities Purchase Agreement and Registration Rights Agreement, the Company agreed to (a) file a registration statement (the "Registration Statement") with the Securities and Exchange Commission no later than 45 days following the closing of the Offering, covering the re-sale of shares of Common Stock issued in the Offering. The Company also agreed to use commercially reasonable efforts to have the Registration Statement become effective as soon as possible after filing (and in any event within 90 days of the filing of such Registration Statement).

The sale of securities in the Offering was not registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state, but rather were offered and sold in reliance on the exemption from the registration requirements thereof pursuant to Section 4(a)(2) of the Securities Act and Regulation D (Rule 506) promulgated under the Securities Act, and corresponding provisions of state securities laws, which exempt certain transactions by an issuer not involving a public offering. The Investors are "accredited investors" as such term is defined in Regulation D promulgated under the Securities Act. The Offering has been concluded.

The foregoing descriptions of the Securities Purchase Agreement, the Notes, the Placement Agent Warrants, and the Registration Rights Agreement are qualified in their entirety by reference to the full text of the Securities Purchase Agreement, the Notes, the Placement Agent Warrants, and the Registration Rights Agreement, which are incorporated by reference as Exhibits 10.1, 10.2, 4.4, and 10.3, respectively, hereto.

Note Conversion

On March 2, 2020, the Company entered into amendments (the "Note Amendments") to all of its currently outstanding Convertible Promissory Notes, which were issued by the Company to various investors in 2016, 2017, and 2018 (collectively, the "2016-2018 Notes") with the Required Holders (as that term is defined in the 2016-2018 Notes, respectively) of each series of the 2016-2018 Notes. The Note Amendments permit the Company, in the event the Company offers its shares of Common Stock to investors in any private placement of securities, to convert all of the then-outstanding principal and accrued and unpaid interest payable with respect to the 2016-2018 Notes into shares of Common Stock upon the same terms as such private placement. The Note Amendments were conditioned upon, among other things, the amendment of each of the other 2016-2018 Notes, the closing of the Offering and the acquisition of GSI.

Pursuant to the Note Amendments, on March 2, 2020, the Company converted all of the then-outstanding principal and accrued and unpaid interest payable with respect to the 2016-2018 Notes into the aggregate amount of 71,686,963 shares of Common Stock at a conversion price of $0.08 per share (the "Note Conversion").

Certain holders of the 2016-2018 Notes whose notes were converted in connection with the Note Conversion, several have material relationships with the Company:

- The 2016-2018 Notes held, directly and indirectly, by Michael Taglich, a beneficial owner of more than 10% of the currently outstanding shares of Common Stock, were converted into 11,247,635 shares of Common Stock;
- The 2016-2018 Notes held by Robert Taglich, a beneficial owner of more than 10% of the Company's currently outstanding shares of Common Stock, were converted into 5,671,792 shares of Common Stock;
- The 2016-2018 Notes held by Robert Schroeder, a Director of the Company, were converted into 425,949 shares of common stock; and
- The 2016-2018 Notes held by James DeSocio, the President and CEO of the Company, were converted into 600,967 shares of Common Stock.

The Company retained the Placement Agent as the exclusive placement agent for the Note Conversion pursuant to the Placement Agent Agreement. In connection with the Note Conversion, the Company issued 1,762,500 shares of Common Stock to the Placement Agent, which based on the conversion price of $0.08 per share was equal to 3% of the original principal amount of the 2016-2018 Notes. See Item 3.02 of this Report, "Securities Offering," for a discussion of the material relationships between the Placement Agent and the Company.

The Company's issuance of shares of Common Stock issued in the Note Conversion was not registered under the Securities Act or the securities laws of any state, but rather were offered and sold in reliance on the exemption from the registration requirements thereof pursuant to Section 4(a)(2) of the Securities Act and Regulation D (Rule 506) promulgated under the Securities Act, and corresponding provisions of state securities laws, which exempt certain transactions by an issuer not involving a public offering. The holders of the 2016-2018 Notes are "accredited investors" as such term is defined in Regulation D promulgated under the Securities Act.

The foregoing descriptions of the Note Amendments are qualified in their entirety by reference to the full text of the Note Amendments for each series of the 2016-2018 Notes, copies of each of which are attached as Exhibits 4.1, 4.2, and 4.3, hereto.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 27, 2020, the Board of Directors adopted an amendment to the Bylaws of the Company setting forth the procedures for providing notice to the shareholders following any action taken in writing by the requisite shareholders of the Company. Pursuant to the amendment, the Company may provide such notice (i) directly to shareholders within ten (10) days following the effective date of the written action or (ii) by filing a Current Report on Form 8-K with the Securities and Exchange Commission, which report would include the information that would have otherwise been sent to shareholders regarding such written action. The foregoing description of the amendment to the Bylaws is qualified in its entirety by reference to the full text of the amendment, which is attached hereto as Exhibit 3.1 and incorporated herein.

Effective February 27, 2020, upon recommendation and authorization by the Board of Directors, stockholders holding a majority in interest of the issued and outstanding shares of Common Stock, acting by written consent, adopted an amendment to the Company's Articles of Incorporation to (i) effectuate a one-for-fifty (1-for-50) reverse split of the Company's Common Stock (the "Reverse Split") and (ii) reduce the number of authorized shares of Common Stock of the Company as of the effective date of such amendment to 25,000,000 shares (collectively, the "Reverse Split Amendment"). On March 3, 2020, the Company filed the Reverse Split Amendment, which will become effective on March 12, 2020 at 5 p.m. Nevada time, for stockholders of record as of the close of business on March 12, 2020. The foregoing description of the Reverse Split Amendment is qualified in its entirety by reference to the full text thereof, which is attached hereto as Exhibit 3.2 and incorporated herein.

On March 1, 2020, upon recommendation and authorization by the Board of Directors, stockholders holding a majority in interest of the issued and outstanding shares of Common Stock of the Company, acting by written consent, adopted an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of Common Stock to 160,000,000 shares from 75,000,000 shares (the "Shares Increase Amendment"), in order to facilitate the GSI Acquisition, the Offering, and the Note Conversion. On March 2, 2020, the Company filed the Shares Increase Amendment, which was effective immediately upon filing. The foregoing description of the Shares Increased Amendment is qualified in its entirety by reference to the full text thereof which is attached hereto as Exhibit 3.3 and incorporated herein.

As of the date hereof, a total of 160,000,000 shares of Common stock are authorized for issuance by the Company, of which 140,545,770 shares of Common Stock are issued and outstanding. After the Reverse Split becomes effective, the authorized number of shares of Common Stock will be reduced to 25,000,000 shares, of which 2,810,915 shares of Common Stock will be issued and outstanding, assuming no additional shares of Common Stock are issued by the Company prior thereto.

Item 7.01 Regulation FD Disclosure.

In the course of discussions with (i) potential investors in the Offering, (ii) holders of the 2016-2018 Notes in connection with the Note Amendments, and (iii) certain other stockholders, the Company provided such persons with certain information ("Confidential Information"), under confidentiality obligations, pertaining to the potential transactions involving the acquisition of GSI, the Note Amendment and Note Conversion, and the Reverse Split. Such information is set forth on Exhibit 99.1.

The information in this Item 7.01, including Exhibit 99.1, is being furnished pursuant to Item 7.01 and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and such information shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.

On March 4, 2020, the Company issued a press release disclosing the GSI Acquisition. A copy of the press release is attached hereto as Exhibit 99.2 and incorporated herein by reference.

On March 4, 2020, the Company issued a press release disclosing the other events set forth in this Report. A copy of the press release is attached hereto as Exhibit 99.3 and incorporated herein by reference.

The information in this Item 8.01 of this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this Item 8.01 of this Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Name of Exhibit
2.1	Stock Purchase Agreement, dated as of March 2, 2020, by and among Intellinetics, Inc., Graphic Sciences, Inc., and Thomas M. Liebold, Gregory P. Colton, Fredrick M. Kamienny, and Frederick L. Erlich
3.1	Amendment to Articles of Incorporation, dated March 2, 2020
3.2	Amendment to Articles of Incorporation, dated March 3, 2020
3.3	Amendment No. 2 to Bylaws, adopted February 27, 2020
4.1	Form of Amendment to 10% Subordinated Convertible Note due December 31, 2020
4.2	Form of Amendment to 8% Secured Convertible Note due December 31, 2020
4.3	Form of Amendment to 8% Subordinated Convertible Note due December 31, 2020
4.4	Form of Placement Agent Warrants, issued March 2, 2020
10.1	Form of Securities Purchase Agreement, dated March 2, 2020
10.2	Form of 12% Subordinated Convertible Notes, dated March 2, 2020
10.3	Registration Rights Agreement, dated March 2, 2020
10.4	State of Michigan Enterprise Procurement Notice of Contract No 171 180000000749, between the State of Michigan and Graphic Sciences, Inc., with Standard Contract Terms, dated June 1, 2018
99.1	Information provided to potential investors, Company stockholders, and Company noteholders on a confidential basis.
99.2	Press release issued by the Company, dated March 4, 2020
99.3	Press release issued by the Company, dated March 4, 2020

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTELLINETICS, INC.

By: */s/ Joseph D. Spain*
Joseph D. Spain
Treasurer and Chief Financial Officer

Dated: March 4, 2020

EXHIBIT 2.1

STOCK PURCHASE AGREEMENT

By and among

Intellinetics, Inc.

and

Graphic Sciences, Inc.

and

Thomas M. Liebold, Gregory P. Colton, Fredrick M. Kamienny and Frederick L. Erlich

dated as of

March 2, 2020

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Exhibit B: Net Working Capital Methodology
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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "**Agreement**"), dated as of March 2, 2020 is entered into among Intellinetics, Inc., a Nevada corporation ("**Buyer**"); Graphic Sciences, Inc., a Michigan corporation ("**Company**"); and each of Thomas M. Liebold ("**Liebold**"), Gregory P. Colton ("**Colton**"), Fredrick M. Kamienny ("**Kamienny**"), and Frederick L. Erlich ("**Erlich**" and together with Liebold, Colton and Kamienny, each a "**Seller**" and collectively, "**Sellers**").

RECITALS

WHEREAS, The Company is engaged, directly or indirectly, in the business of document management services, specializing in scanning, microfilming and storing third party data and records (the "**Business**");

WHEREAS, Sellers own all of the issued and outstanding shares of common stock (the "**Shares**"), of the Company;

WHEREAS, Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, the Shares, subject to the terms and conditions set forth herein; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Capitalized Terms. Capitalized terms used in this Agreement shall have the meanings specified or referred to in **Exhibit A** attached hereto and incorporated herein. Other capitalized terms used herein but not defined in **Exhibit A** shall have the meanings respectively ascribed to them hereinafter. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms.

Section 1.02 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Schedules and Exhibits mean the Articles and Sections of, and Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The phrase "made available," "provided" or similar phrases as used in this Agreement means that the subject documents were posted to the Data Room and rendered visible and reviewable to Buyer or its Representatives at least one (1) Business Days prior to the date hereof.

ARTICLE II
PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell to Buyer, and Buyer shall purchase from Sellers, the Shares, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Preliminary Purchase Price.

(a) **Preliminary Purchase Price.** Buyer agrees to pay to Sellers, at the Closing, an amount equal to (i) $3,500,000 (the "**Preliminary Purchase Price**"), *minus* (ii) the Estimated Indebtedness Amount, *minus* (iii) the Estimated Transaction Expenses, *plus* (iv) the Estimated Work In Process Amount, *plus* (v) the Estimated Net Working Capital Adjustment, if it is a positive number, *minus* (vi) the absolute value of the Estimated Net Working Capital Adjustment, if it is a negative number (such amount, the "**Closing Payment**"), such Closing Payment to be payable as set forth in Section 2.02(b).

(b) **Payment of Closing Payment.** The Closing Payment shall be payable to Sellers in an amount equal to (A) the Closing Payment *minus* (B) the Escrow Amount, which shall be payable to Sellers at Closing by delivery of cash payable by wire transfer or delivery of other immediately available funds (the "**Cash Payment**"). The Closing Payment shall be allocated between Sellers in proportion to their respective holdings of Shares as set forth in Section 3.01(e) of the Disclosure Schedules.

Section 2.03 Closing. Subject to the terms and conditions of this Agreement, the purchase and sale of the Shares contemplated hereby shall take place simultaneously with the execution of this Agreement, effective as of 12.01 am (the "**Closing**"), at the offices of Kegler, Brown, Hill & Ritter Co., L.P.A., 65 East State Street, Suite 1800, Columbus, Ohio 43215, or by the execution and electronic delivery of the Transaction Documents and the other agreements, instruments, certificates and other documents referenced in this Agreement, or at such other time or on such other date or at such other place as Sellers and Buyer may mutually agree upon in writing (the day on which the Closing takes place being the "**Closing Date**").

Section 2.04 Transactions to be Effected at the Closing.

(a) At the Closing, Buyer shall:

(i) deliver the Cash Payment to the Sellers, by wire transfer of immediately available funds to the accounts designated by each Seller in writing;

(ii) deliver or cause to be delivered to the Sellers each of the following:

(A) The Escrow Agreement, duly executed by the Buyer;

(B) The Non-Competition and Non-Solicitation Agreements, each duly executed by the Buyer; and

(C) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Buyer certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(iii) pay, on behalf of the Company or Sellers, the following amounts:

(A) the Estimated Indebtedness Amount of the Company to be paid at Closing, by wire transfer of immediately available funds to the accounts and in the amounts specified on the Estimated Closing Statement; and

(B) the Estimated Transaction Expenses unpaid at Closing, by wire transfer of immediately available funds to the accounts and in the amounts specified on the Estimated Closing Statement.

(iv) deliver to the Escrow Agent:

(A) the Purchase Price Adjustment Escrow Amount (such amount, including any interest or other amounts earned thereon and less any disbursements therefrom in accordance with the Escrow Agreement, the "**Purchase Price Adjustment Escrow Fund**") by wire transfer of immediately available funds to accounts designated by the Escrow Agent, to be held for the purpose of securing the obligations of Sellers in Section 2.05(c), and for the avoidance of doubt, as set forth in the Escrow Agreement, the balance of the Purchase Price Adjustment Escrow Fund after payments, if any, pursuant to Section 2.05(c)(ii)(B) shall be released to Sellers within ten (10) Business Days of the determination and payment of the Net Adjustment Amount;

(B) the Indemnification Escrow Amount (such amount, including any interest or other amounts earned thereon and less any disbursements therefrom in accordance with the Escrow Agreement, the "**Indemnification Escrow Fund**") by wire transfer of immediately available funds to accounts designated by the Escrow Agent, to be held for the purpose of securing the indemnification obligations of Seller set forth in ARTICLE VII and the obligations of Seller in Section 2.05(c) and Section 6.08; and

(C) the Escrow Agreement, duly executed by Buyer.

(b) At the Closing, Sellers shall deliver to Buyer:

(i) stock certificates evidencing the Shares, free and clear of all Encumbrances, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, with all required stock transfer tax stamps affixed thereto; and

(ii) The Escrow Agreement, duly executed by the Sellers and the Escrow Agent;

(iii) The Non-Competition and Non-Solicitation Agreements, each duly executed by the applicable Seller and/or Key Personnel;

(iv) Fully executed payoff letters and all related lien releases from the holders of all the Estimated Indebtedness Amounts and Estimated Transaction Expenses (which Sellers delivered prior to the Closing Date pursuant to Section 2.05 and as set forth on Section 2.04(b)(iv) of the Disclosure Schedule);

(v) Evidence, satisfactory to the Buyer, that each of the Key Personnel has agreed to remain employed by the Company after the Closing on terms acceptable to the Buyer in its sole discretion, and such Key Personnel's execution and delivery of the Non-Competition and Non-Solicitation Agreements, in the form prescribed by Buyer;

(vi) All approvals, consents and waivers that are listed on Section 4.04 of the Disclosure Schedules;

(vii) Resignations of the directors and officers of the Company;

(viii) Good standing certificate (or its equivalent) for the Company from the Secretary of State or similar Governmental Authority of Michigan and each jurisdiction in which the Company is qualified to do business;

(ix) a duly executed certificate compliant with Treasury Regulation 1.1445-2(b)(2) and the regulations thereunder establishing from each Seller that such Seller is not a foreign Person within the meaning of Section 1445 of the Code; and

(x) a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Company certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Seller authorizing the execution, delivery and performance of this Agreement and the Transaction Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

Section 2.05 Adjustments to the Preliminary Purchase Price.

(a) **Closing Adjustments**.

(i) Not later than two (2) Business Days prior to the Closing, Sellers shall prepare and deliver to Buyer the following statements, signed by Sellers (collectively, the "**Estimated Closing Statement**"):

(A) a statement calculating the Sellers' good faith estimate of the anticipated outstanding Indebtedness for the Company as of the close of business on the Closing Date and the Persons to whom such outstanding Indebtedness is owed and an aggregate total of such outstanding Indebtedness (the "**Estimated Indebtedness Amount**");

(B) a statement calculating the Sellers' good faith estimate of the anticipated Transaction Expenses remaining unpaid as of the close of business on the Closing Date (including an itemized list of each such unpaid Transaction Expense with a description of the nature of such expense and the Persons to whom such expense is owed) (the "**Estimated Transaction Expenses**");

(C) a statement calculating the Sellers' good faith estimate of the anticipated amount of the Work in Process for the Company as of the Closing (the "**Estimated Work in Process Amount**"); and

(D) a statement calculating the Sellers' good faith estimate of the anticipated Net Working Capital for the Company as of the Closing (the "**Estimated Net Working Capital**") and the amount, if any, by which the Estimated Net Working Capital is greater than or less than the Target Net Working Capital (the "**Estimated Net Working Capital Adjustment**").

(ii) The Estimated Closing Statement shall be prepared in accordance with GAAP applied on a consistent basis with the Financial Statements provided by Sellers pursuant to this Agreement, and shall be delivered together with supporting documentation used by the Sellers in calculating and preparing the Estimated Closing Statement and such other documentation as Buyer shall reasonably request. The Preliminary Purchase Price shall be adjusted consistent with Section 2.02 based on the Estimated Indebtedness Amount, the Estimated Transaction Expenses, the Estimated Work in Process Amount and the Estimated Net Working Capital Adjustment and shall be subject to further adjustment after the Closing as set forth in Section 2.05(c) below.

(b) **Draft Closing Statement**.

(i) Within thirty (30) days after the Closing Date, Buyer will prepare and deliver to Sellers a statement evidencing its final determination of the Indebtedness, Transaction Expenses, Estimated Work in Process Amount and Net Working Capital (the " **Draft Closing Statement**") for the Company as of the close of business on the Closing Date (determined on a pro forma basis as though the parties had not consummated the transactions contemplated by this Agreement). The Draft Closing Statement will be prepared in accordance with GAAP applied on a consistent basis with the Financial Statements and, as to Net Working Capital, in a manner consistent with the preparation of the attached Exhibit B.

(ii) If Sellers have any objections to the Draft Closing Statement, they shall deliver a detailed statement describing such objections to Buyer within fifteen (15) days after receiving the Draft Closing Statement. Buyer and Sellers shall use commercially reasonable efforts to resolve any such objections themselves. If the parties do not reach a final resolution within thirty (30) days after Buyer has received the statement of objections, however, either Buyer or Sellers may submit the matter to BDO USA, LLC (the "**Accounting Referee**") to resolve any remaining objections. Only the amounts in dispute (the aggregate of all such amounts, the "**Disputed Amounts**") will be referred to the Accounting Referee for final determination. The determination of the Accounting Referee shall be issued in writing within forty-five (45) days of such referral. The final determination of the Disputed Amounts shall be based solely on presentations by Buyer and Sellers and shall not involve the Accounting Referee's independent review, and the Accounting Referee shall not be authorized to assign a value outside of the range established by Buyer's position as set forth in the Draft Closing Statement and by Sellers' collective position as set forth in their written objection(s). The determination by the Accounting Referee pursuant to the foregoing shall be final, binding upon and non-appealable by the parties. The Buyer, on the one hand, and the Sellers, on the other hand, shall bear the fees and expenses of the Accounting Referee in the proportion that the aggregate amount of such Disputed Amounts so submitted to the Accounting Referee that are unsuccessfully disputed by each such party, as finally determined by the Accounting Referee, bears to the total amount of such remaining Disputed Amounts.

(iii) Buyer shall revise the Draft Closing Statement as appropriate to reflect the resolution of all objections thereto pursuant to Section 2.05(b)(ii), if any. The "**Final Closing Statement**" shall mean the Draft Closing Statement together with all revisions thereto pursuant to Section 2.05(b)(ii), if any. The Indebtedness calculation as set forth in the Final Closing Statement shall be the "**Final Indebtedness Amount**." The Transaction Expenses calculation as set forth in the Final Closing Statement shall be the "**Final Transaction Expenses**." The Work in Process calculation as set forth in the Final Closing Statement shall be the "**Final Work in Process Amount**." The Net Working Capital calculation as set forth in the Final Closing Statement shall be the "**Final Net Working Capital**."

(iv) Buyer will make the work papers and back-up materials used in preparing the Draft Closing Statement, including, without limitation, all books and records of the Company, and any other documents or information reasonably requested by Sellers relating to the preparation of the Draft Closing Statement, available to Sellers at reasonable times and upon reasonable notice at any time during the review by Sellers of the Draft Closing Statement, and the resolution by the parties of any objections thereto.

(c) **Post-Closing Adjustment**.

(i) Upon completion of the Final Closing Statement pursuant to Section 2.05(b) above, the Preliminary Purchase Price shall be further adjusted based on the Final Closing Statement as set forth in this Section 2.05(c).

(A) With respect to the Final Indebtedness Amount:

(1) if the Final Indebtedness Amount is less than the Estimated Indebtedness Amount, then the Preliminary Purchase Price shall be increased if and to the extent that the Final Indebtedness Amount is less than the Estimated Indebtedness Amount, and Buyer shall be obligated to pay such difference to Sellers as provided in Section 2.05(c)(ii) below; or

(2) if the Final Indebtedness Amount is greater than the Estimated Indebtedness Amount, then the Preliminary Purchase Price shall be reduced if and to the extent that the Final Indebtedness Amount exceeds the Estimated Indebtedness Amount, and Sellers shall be obligated to pay such difference to Buyer as provided in Section 2.05(c)(ii) below.

(B) With respect to the Final Transaction Expenses:

(1) if the Final Transaction Expenses are less than the Estimated Transaction Expenses, then the Preliminary Purchase Price shall be increased if and to the extent that the Final Transaction Expenses are less than the Estimated Transaction Expenses, and Buyer shall be obligated to pay such difference to Sellers as provided in Section 2.05(c)(ii) below; or

(2) if the Final Transaction Expenses are greater than the Estimated Transaction Expenses, then the Preliminary Purchase Price shall be reduced if and to the extent that the Final Transaction Expenses are greater than the Estimated Transaction Expenses, and Sellers shall be obligated to pay such difference to Buyer as provided in Section 2.05(c)(ii) below.

(C) With respect to the Final Work in Process Amount:

(1) if the Final Work in Process Amount is greater than the Estimated Work in Process Amount, then the Preliminary Purchase Price shall be increased if and to the extent that the Final Work in Process Amount is greater than the Estimated Work in Process Amount, and Buyer shall be obligated to pay such difference to Sellers as provided in Section 2.05(c)(ii) below; or

(2) if the Final Work in Process Amount is less than the Estimated Work in Process Amount, then the Preliminary Purchase Price shall be reduced if and to the extent that the Final Work in Process Amount is less than the Estimated Work in Process Amount, and Sellers shall be obligated to pay such difference to Buyer as provided in Section 2.05(c)(ii) below.

(D) With respect to the Final Net Working Capital:

(1) if the Final Net Working Capital is greater than the Estimated Net Working Capital, then the Preliminary Purchase Price shall be increased if and to the extent that the Final Net Working Capital exceeds the Estimated Net Working Capital and Buyer shall be obligated to pay such difference to Sellers as provided in Section 2.05(c)(ii) below;

(2) if the Final Net Working Capital is less than the Estimated Net Working Capital, then the Preliminary Purchase Price shall be reduced if and to the extent that the Final Net Working Capital is less than the Estimated Net Working Capital, and Sellers shall be obligated to pay such difference to Buyer as provided in Section 2.05(c)(ii) below.

(ii) The foregoing adjustments based on the Final Indebtedness Amount, Final Transaction Expenses, Final Work in Process Amount and Final Net Working Capital pursuant to Section 2.05(c)(i) above shall be netted against one another (the "**Net Adjustment Amount**") so that only a single payment of the Net Adjustment Amount need be made by Buyer or Sellers, as applicable, in satisfaction of each of such adjustments. Such Net Adjustment Amount shall be payable to Sellers or Buyer (as applicable) pursuant to the following:

(A) To the extent the Net Adjustment Amount produces a net payment due to Sellers pursuant to Section 2.05(c)(i), the Preliminary Purchase Price shall be increased by an amount equal to the Net Adjustment Amount, Buyer shall pay such amount to Sellers by wire transfer or other delivery of immediately available funds within five (5) Business Days after the determination of the Net Adjustment Amount (the amount of such increase to be allocated between the Sellers in proportion to their respective holdings of Shares as set forth in Section 3.01(e) of the Disclosure Schedules), and the Escrow Agent shall release to Sellers the Purchase Price Adjustment Escrow Fund within five (5) Business Days after the determination of the Net Adjustment Amount; or

(B) To the extent the Net Adjustment Amount produces a net payment due to Buyer pursuant to Section 2.05(c)(i), the Preliminary Purchase Price shall be decreased by an amount equal to the Net Adjustment Amount, and Sellers shall be obligated, jointly and severally, to pay such amount to Buyer by wire transfer or other delivery of immediately available funds within five (5) Business Days after the determination of the Net Adjustment Amount; *provided, however,* such Net Adjustment Amount shall first be paid to Buyer from the Purchase Price Adjustment Escrow Fund and shall be released to Buyer pursuant to the Escrow Agreement. Should the Net Adjustment Amount exceed the amounts within the Purchase Price Adjustment Escrow Fund, Sellers shall pay the difference to Buyer pursuant to this Section 2.05(c)(ii)(B). Should the Purchase Price Adjustment Escrow Fund exceed the Net Adjustment Amount, Escrow Agent shall release the difference to Sellers within five (5) Business Days after the determination and payment of the Net Adjustment Amount from the Purchase Price Adjustment Escrow Fund.

(iii) The Preliminary Purchase Price as so adjusted pursuant to this Section 2.05(c) is referred to herein as the "**Purchase Price**."

(d) **Adjustments for Tax Purposes.** Any payments made pursuant to Section 2.05 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.06 Earn-Out.

(a) **Earn-Out Payments**. Subject to the terms and conditions of this Agreement, as additional consideration for the Shares, the Buyer agrees to pay to the Sellers, as part of the Purchase Price, additional contingent consideration payable in three annual installments, as follows (each such potential payment, an "**Earn-Out**"):

(i) In the event Company Gross Profit for the consecutive twelve (12) month period that commences on the first day of the first month which follows the Closing Date (such time period, the "**Year 1 Earnout Period**"):[1] (i) equals or exceeds $2,300,000, the Earn-Out for the Year 1 Earnout Period shall be $833,333; (ii) is less than $2,300,000 but exceeds $1,750,000, the Earn-Out for the Year 1 Earnout Period shall be calculated on a pro-rata basis by multiplying the amount of Company Gross Profit in excess of $1,750,000 by 1.1515 and adding $200,000 to that product; or (iii) is equal to or less than $1,750,000, no Earn-Out will be earned or be payable for the Year 1 Earnout Period. In no event shall the Earn-Out for the Year 1 Earnout Period exceed $833,333.

[1] Note to Draft: The intent is to avoid any half month or stub periods for purposes of calculating the Earn-Out and avoid needing to coordinate closing on a certain date to achieve that result.

(ii) In the event Company Gross Profit for the consecutive twelve (12) month period that commences the first day after the Year 1 Earnout Period (the "**Year 2 Earnout Period**"): (i) equals or exceeds $2,400,000, the Earn-Out for the Year 2 Earnout Period shall be $833,333; (ii) is less than $2,400,000 but exceeds $1,850,000, the Earn-Out for the Year 2 Earnout Period shall be calculated on a pro-rata basis by multiplying the amount of Company Gross Profit in excess of $1,850,000 by 1.1515 and adding $200,000 to that product; or (iii) is equal to or less than $1,850,000, no Earn-Out will be earned or be payable for the Year 2 Earnout Period. In no event shall the Earn-Out for the Year 2 Earnout Period exceed $833,333.

(iii) In the event Company Gross Profit for the consecutive twelve (12) month period that commences on the first day after the Year 2 Earnout Period (the "**Year 3 Earnout Period**"): (i) equals or exceeds $2,500,000, the Earn-Out for the Year 3 Earnout Period shall be $833,333; (ii) is less than $2,500,000 but exceeds $1,950,000, the Earn-Out for the Year 3 Earnout Period shall be calculated on a pro-rata basis by multiplying the amount of Company Gross Profit in excess of $1,950,000 by 1.1515 and adding $200,000 to that product; or (iii) is equal to or less than $1,950,000, no Earn-Out will be earned or be payable for the Year 3 Earnout Period. In no event shall the Earn-Out for the Year 3 Earnout Period exceed $833,333.

(b) **Procedures Applicable to Determination of the Earn-out Payments.**

(i) Within sixty (60) days following the conclusion of each Calculation Period (each such date, an "**Earn-Out Calculation Delivery Date**"), Buyer shall prepare and deliver to Sellers a written statement (in each case, an "**Earn-Out Calculation Statement**") setting forth its good faith determination of the Company Gross Profit for the applicable Calculation Period.

(ii) Sellers shall have fifteen (15) days after receipt of the Earn-Out Calculation Statement for each Calculation Period (in each case, the "**Gross Profit Review Period**") to review the Earn-Out Calculation Statement set forth therein. During the Gross Profit Review Period, and for the duration of any dispute concerning any Earn-Out Calculation Statement, Sellers and their accountants shall have the right to inspect Company's books and records relating to the calculation of Company Gross Profit, and any other documents or information reasonably requested by Sellers relating to the calculation of the Earn-Out Calculation Statement, during normal business hours at Company's offices, upon reasonable prior notice and solely for purposes reasonably related to the determinations of Company Gross Profit. On or before the date on which the Gross Profit Review Period expires, Sellers may object to the determination of Company Gross Profit set forth in the Earn-Out Calculation Statement for the applicable Calculation Period by delivering a written notice of objection (an "**Earn-out Calculation Objection Notice**") to Buyer. Any Earn-Out Calculation Objection Notice shall specify the items in the applicable Earn-Out Calculation disputed by Sellers and shall describe in reasonable detail the basis for such objection, as well as the amount in dispute. If Sellers fail to deliver an Earn-Out Calculation Objection Notice to Buyer on or before the date on which the Gross Profit Review Period expires, then the determination of Company Gross Profit set forth in the Earn-Out Calculation Statement shall be final and binding on the parties hereto. If Sellers timely deliver an Earn-Out Calculation Objection Notice, Buyer and Sellers shall negotiate in good faith to resolve the disputed items and agree upon the resulting amount of the Company Gross Profit for the applicable Calculation Period. If Buyer and Sellers are unable to reach agreement within fifteen (15) days after such an Earn-Out Calculation Objection Notice has been given, either party may refer all unresolved disputed items to the Accounting Referee. The Accounting Referee shall be directed to render a written report on the unresolved disputed items with respect to the applicable determination of Company Gross Profit as promptly as practicable, but in no event greater than thirty (30) days after such submission to the Accounting Referee, and to resolve only those unresolved disputed items set forth in the Earn-Out Calculation Objection Notice. The Accounting Referee shall not be authorized to assign a value outside of the range established by Buyer's position as set forth in the Earn-Out Calculation Statement and by Sellers' collective position as set forth in their written objection(s). If unresolved disputed items are submitted to the Accounting Referee, Buyer and Sellers shall each furnish to the Accounting Referee such work papers, schedules and other documents and information relating to the unresolved disputed items as the Accounting Referee may reasonably request. The Accounting Referee shall resolve the disputed items based solely on the applicable definitions and other terms in this Agreement and the presentations by Buyer and Sellers, and not by independent review. The resolution of the dispute and the calculation of Company Gross Profit that is the subject of the applicable Earn-Out Calculation Objection Notice by the Accounting Referee shall be final and binding on the parties hereto. The fees and expenses of the Accounting Referee shall be borne by Buyer and Sellers in proportion to the amounts by which their respective calculations of Company Gross Profit differ from Company Gross Profit as finally determined by the Independent Accountants.

(c) **Independence of Earn-Out Payments.** Buyer's obligation to pay each of the Earn-Out payments (if any) to Sellers in accordance with Section 2.06(a) is an independent obligation of Buyer and is not otherwise conditioned or contingent upon the satisfaction of any conditions precedent to any preceding or subsequent Earn-Out payment and the obligation to pay an Earn-Out payment to Sellers shall not obligate Buyer to pay any preceding or subsequent Earn-Out payment. For the avoidance of doubt and by way of example, if the conditions precedent to the payment of the Earn-Out payment for the Year 1 Earnout Period are not satisfied, but the conditions precedent to the payment of the Earn-Out for the Year 2 Earnout Period are satisfied, then Buyer would be obligated to pay such Earn-Out payment for Year 2 Earnout Period for which the corresponding conditions precedent have been satisfied, and not the Earn-Out payment for Year 1 Earnout Period.

(d) **Timing and Payment of Earn-Out Payments.** Subject to Section 2.06(f), any Earn-Out payment that Buyer is required to pay pursuant to Section 2.06(a) hereof shall be paid in full no later than five (5) Business Days following the date upon which the determination of Company Gross Profit for the applicable Calculation Period becomes final and binding upon the parties as provided in Section 2.06(b)(ii) (including any final resolution of any dispute raised by Sellers in an Earn-Out Calculation Objection Notice). Each Earn-Out payment shall be allocated between Sellers in proportion to their respective holdings of Shares as set forth in Section 3.01(e) of the Disclosure Schedules.

(e) **Post-Closing Operation of Business.** Subject to the terms of this Agreement, subsequent to the Closing, Buyer shall have sole discretion with regard to all matters relating to the operation of the Company and its Business. Buyer has no obligation or duty to operate the Company or the Business in order to achieve any Earn-Out for Sellers. Notwithstanding anything to the contrary contained herein, Buyer shall not take, and shall cause the Company to not take, any action the sole purpose of which is to avoid or reduce the amount of any Earn-Out.

(f) **Right of Set-Off.** Buyer shall have the option and right to withhold and set off against any amount otherwise due to be paid to Sellers pursuant to this Section 2.06 the amount of any Losses to which any Buyer Indemnitees may be entitled under ARTICLE VII of this Agreement.

(g) **No Security.** Buyer and Sellers understand and agree that (i) the contingent rights to receive any Earn-out payments hereunder are not transferable, except by operation of Laws relating to descent and distribution, divorce and community property, and do not constitute an equity or ownership interest in Buyer or the Company, (ii) Sellers shall not have any rights as a securityholder of Buyer or Company as a result of Sellers' contingent right to receive any Earn-Out payments hereunder, and (iii) no interest is payable with respect to any Earn-Out payments paid in compliance herewith; provided, however, that any Earn-Out payment that is paid thirty (30) days or more after the date on which such payment is due shall accrue interest at the rate of eight percent (8%) per annum from the due date until the date paid.

(h) **Access to Records.** For a period commencing on the Closing Date and ending on the date that is sixty (60) days after the date on which the Year 3 Earnout Period expires, at the request of any Seller who is not then a shareholder of Buyer, Buyer shall provide such Seller with copies of: (i) internally prepared quarterly financial statements for the Company within forty-five (45) days after the end of each quarter but in no event before all regulatory filing requirements have been satisfied by Buyer; and (ii) internally prepared annual financial statements for the Company within thirty (30) days after the end of each fiscal year but in no event before all regulatory filing requirements have been satisfied by Buyer. No Seller who is then a shareholder of Buyer shall be entitled to receive any information under this subsection (h), and any Seller who receives information under this subsection (h) shall (x) handle such information in compliance with any and all insider trading laws and regulations, and (y) execute an appropriate confidentiality agreement in accordance with Buyer's practices for sharing non-public information.

Section 2.07 Withholding Tax. With reasonable prior written notice to Sellers, Buyer and the Company shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer and the Company may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

ARTICLE III
REPRESENTATIONS AND WARRANTIES CONCERNING THE TRANSACTION

Section 3.01 Representations and Warranties of Sellers. Each Seller represents and warrants to Buyer that the statements contained in this Section 3.01 are true and correct as of the date hereof:

(a) **Authorization of Transactions**. Such Seller has full legal capacity and authority to execute and deliver this Agreement and to perform his obligations hereunder. This Agreement has been duly executed and delivered by such Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(b) **No Conflicts; Consents**. The execution, delivery and performance by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) conflict with or result in a violation or breach of, or default under, any provision of the charter, by-laws or other organizational documents of the Company; (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to such Seller; (iii) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which such Seller is a party or by which such Seller is bound or to which any of his respective properties and assets (including the Shares) are subject or any Permit affecting the properties, assets or business of the Company; or (iv) result in the creation or imposition of any Encumbrance on the Shares or any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to such Seller in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

(c) **Legal Proceedings**. There are no Actions pending or, to such Sellers' Knowledge, threatened against or by Sellers, the Company or any Affiliate of either Seller or the Company that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

(d) **Brokers**. Except for Rua M&A, LLC d/b/a NuVescor, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of such Seller.

(e) **Ownership of Shares**. Such Seller holds of record and owns beneficially the number and type of Shares described in Section 3.01(e) of the Disclosure Schedules, free and clear of any Encumbrances (other than restrictions under the Securities Act of 1933 and state securities laws). Such Seller is not a party to any option, warrant, purchase right, or other Contract or commitment (other than this Agreement) that could require such Seller to sell, transfer, or otherwise dispose of any Shares that he holds. Such Seller is not a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any Shares.

Section 3.02 Representations and Warranties of Buyer. Buyer represents and warrants to Sellers that the statements contained in this Section 3.02 are true and correct as of the date hereof:

(a) **Organization and Authority of Buyer.** Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Nevada. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Sellers) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(b) **No Conflicts; Consents**. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, regulations or other organizational documents of Buyer; (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (iii) require the consent, notice or other action by any Person under any Contract to which Buyer is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

(c) **Investment Purpose**. Buyer is acquiring the Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Shares are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Shares may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable.

(d) **Brokers**. Except for Taglich Brothers, Inc., no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

(e) **Legal Proceedings.** There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

(f) **Independent Investigation.** Buyer has conducted its own independent investigation, review and analysis of the Business, the Company, and the Shares, and acknowledges that it has been provided access to the personnel, properties, assets, premises, books and records, and other documents and data of the Company and Sellers for such purpose. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied upon its own investigation and the express representations and warranties of Sellers and the Company set forth in Section 3.01 and Article IV of this Agreement and the Disclosure Schedules; and (b) neither Sellers, nor the Company, nor any other Person has made any representation or warranty as to Sellers, the Business, the Company, the Shares, or this Agreement, except as expressly set forth in Articles III and IV of this Agreement, the Transaction Documents, the Disclosure Schedules and in any certificate or instrument delivered hereunder or thereunder.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES CONCERTNING THE COMPANY

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, the Company and each Seller, jointly and severally, represents and warrants to Buyer that the statements contained in this ARTICLE IV are true and correct as of the date hereof.

Section 4.01 Organization, Authority and Qualification of the Company. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the state of Michigan and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it has been and is currently conducted. Section 4.01 of the Disclosure Schedules sets forth each jurisdiction in which the Company is licensed or qualified to do business, and the Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary. All corporate actions taken by the Company in connection with this Agreement and the Transaction Documents will be duly authorized on or prior to the Closing.

Section 4.02 Capitalization.

(a) The authorized capital stock of the Company consists of 50,000 shares of common stock, no par value, of which 3,000 shares are issued and outstanding and constitute the Shares. All of the Shares have been duly authorized, are validly issued, fully paid and non-assessable, and are owned of record and beneficially by Sellers as set forth on Section 3.01(e) of the Disclosure Schedules, free and clear of all Encumbrances. There are no other shareholders holding or owning Shares or any other capital stock of the Company other than those shareholders listed on Section 3.01(e) of the Disclosure Schedules. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Shares, free and clear of all Encumbrances.

(b) All of the Shares were issued in compliance with applicable Laws. None of the Shares were issued in violation of any agreement, arrangement or commitment to which Seller or the Company is a party or is subject to or in violation of any preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to the capital stock of the Company or obligating Seller or the Company to issue or sell any shares of capital stock of, or any other interest in, the Company. The Company does not have outstanding or authorized any stock appreciation, phantom stock, profit participation or similar rights. There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Shares.

Section 4.03 No Subsidiaries. The Company does not own, or have any interest in any shares or have an ownership interest in any other Person.

Section 4.04 No Conflicts; Consents. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the charter, by-laws or other organizational documents of the Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Company; (c) except as set forth in Section 4.04 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which the Company is a party or by which the Company is bound or to which any of its properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (d) result in the creation or imposition of any Encumbrance on any properties or assets of the Company. Except as set forth on Section 4.04 of the Disclosure Schedules, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Company in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.05 Financial Statements. Complete copies of the Company's unaudited, compiled and reviewed financial statements consisting of the balance sheet of the Company as at September 30th in each of the year 2016, and the related statements of income and retained earnings, stockholders' equity and cash flow for the years then ended (the "**Reviewed Financial Statements**") and the unaudited compiled financial statements consisting of the balance sheet of the Company as at September 30th in each of the years 2017, 2018 and 2019, and the related statements of income and retained earnings, stockholders' equity and cash flow for the years then ended (the "**Compiled Financial Statements**"), and unaudited financial statements consisting of the balance sheet of the Company as at October 31, 2019 and the related statements of income and retained earnings, stockholders' equity and cash flow for the one - month period then ended (the "**Interim Financial Statements**" and together with the Reviewed Financial Statements and the Compiled Financial Statements, the "**Financial Statements**") are included in Section 4.05 of the Disclosure Schedules. The Reviewed Financial Statements have been prepared in accordance with GAAP except as otherwise provided on Section 4.05 of the Disclosure Schedules, applied on a consistent basis throughout the period involved. The Compiled Financial Statements have been prepared in accordance with the accrual basis of accounting. The Financial Statements are based on the books and records of the Company, and fairly present, in all material respects, the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of October 31, 2019 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**."

Section 4.06 Undisclosed Liabilities. The Company has no liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 4.07 Absence of Certain Changes, Events and Conditions. Except in the ordinary course of business consistent with past practice or as otherwise set forth on Section 4.07 of the Disclosure Schedules, since the Balance Sheet Date, there has not been, with respect to the Company, any:

(a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) amendment of the charter, by-laws or other organizational documents of the Company;

(c) split, combination or reclassification of any shares of its capital stock;

(d) issuance, sale or other disposition of any of its capital stock, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any of its capital stock;

(e) declaration or payment of any dividends or distributions on or in respect of any of its capital stock or redemption, purchase or acquisition of its capital stock;

(f) material change in any method of accounting or accounting practice of the Company, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(g) material change in the Company's cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of Customer Deposits;

(h) entry into any Contract that would constitute a Material Contract;

(i) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;

(j) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;

(k) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Company Intellectual Property or Company IP Agreements;

(l) material damage, destruction or loss (whether or not covered by insurance) to its property;

(m) any capital investment in, or any loan to, any other Person;

(n) acceleration, termination, material modification to or cancellation of any material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;

(o) any material capital expenditures;

(p) imposition of any Encumbrance upon any of the Company properties, capital stock or assets, tangible or intangible;

(q) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) change in the material terms of employment for any employee or any termination of any employees, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor or consultant;

(r) hiring or promoting any person as or to (as the case may be) an officer position, or hiring or promoting any employee below an officer position, except to fill a vacancy in the ordinary course of business;

(s) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant, (ii) Benefit Plan or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(t) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its stockholders or current or former directors, officers and employees;

(u) entry into a new line of business or abandonment or discontinuance of existing lines of business;

(v) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(w) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets or stock of, or by any other manner, any business or any Person or any division thereof;

(x) action by the Company to make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or

(y) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.08 Material Contracts.

(a) Section 4.08(a) of the Disclosure Schedules lists each of the following Contracts of the Company (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property (including without limitation, brokerage contracts) listed or otherwise disclosed in Section 4.09(b)of the Disclosure Schedules and all Company IP Agreements set forth in Section 4.11(b) of the Disclosure Schedules, being "**Material Contracts**"):

(i) each Contract of the Company involving aggregate consideration in excess of $25,000;

(ii) all Contracts that provide for the indemnification by the Company of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iii) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise);

(iv) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts to which the Company is a party;

(v) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) to which the Company is a party;

(vi) all Contracts relating to Indebtedness (including, without limitation, guarantees) of the Company;

(vii) all Contracts with any Governmental Authority to which the Company is a party ("**Government Contracts**");

(viii) all Contracts that limit or purport to limit the ability of the Company to compete in any line of business or with any Person or in any geographic area or during any period of time;

(ix) any Contracts to which the Company is a party that provide for any joint venture, partnership or similar arrangement by the Company;

(x) all Contracts between or among the Company on the one hand and a Seller or any Affiliate of a Seller (other than the Company) on the other hand; and

(xi) all collective bargaining agreements or Contracts with any Union to which the Company is a party.

(b) Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect. None of the Company or, to Sellers' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default by the Company or, to Seller's Knowledge, an event of default by any other party thereto, under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer.

Section 4.09 Title to Assets; Real Property.

(a) The Company has good and valid title to, or a valid leasehold interest in, all personal property and other assets reflected in the Audited Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances.

(b) The Company does not own any Real Property. Section 4.09(b) of the Disclosure Schedule lists (i) the street address of each parcel of Real Property used by the Company; and (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property. Sellers have delivered or made available to Buyer true, complete and correct copies of any leases affecting the Real Property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy or enjoyment of any leased Real Property. To Sellers' Knowledge, the use and operation of the Real Property in the conduct of the Company's business do not violate any Law, covenant, condition, restriction, easement, license, permit or agreement. To Sellers' Knowledge, no material improvements constituting a part of the Real Property encroach on real property owned or leased by a Person other than the Company. There are no Actions pending nor, to the Sellers' Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

Section 4.10 Condition and Sufficiency of Assets. The buildings, plants, structures, furniture, fixtures, vehicles, machinery, equipment and other items of tangible personal property of the Company which are in use by the Business as of the Closing Date are structurally sound, are in operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, vehicles, machinery, equipment and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. To the Knowledge of the Sellers', the furniture, fixtures, vehicles, machinery, equipment and other items of tangible personal property of the Company which are in storage as of the Closing Date are structurally sound, are in operating condition and repair, and are adequate for the uses to which they are being put, and none of such furniture, fixtures, vehicles, machinery, equipment and other items of tangible personal property which is currently in storage as of the Closing is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, vehicles, machinery, equipment and other items of tangible personal property currently owned or leased by the Company, together with all other properties and assets of the Company, are sufficient for the continued conduct of the Company's business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the business of the Company as currently conducted.

Section 4.11 Intellectual Property.

(a) Section 4.11(a) of the Disclosure Schedules contains a correct, current, and complete list of all (i) Company IP Registrations; (ii) all unregistered Trademarks included in the Company Intellectual Property; (iii) all proprietary Software of the Company; and (iv) all other Company Intellectual Property used in the Business as currently conducted. All required filings and fees related to the Company IP Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Company IP Registrations are otherwise in good standing. Seller has provided Buyer with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Company IP Registrations.

(b) Section 4.11(b) of the Disclosure Schedules contains a correct, current, and complete list of all Company IP Agreements. Seller has provided Buyer with true and complete copies (or in the case of any oral agreements, a complete and correct written description) of all such Company IP Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Company IP Agreement is valid and binding on the Company in accordance with its terms and is in full force and effect. Neither the Company nor, to Sellers' Knowledge, any other party thereto is, or is alleged to be, in breach of or default under, or has provided or received any notice of breach of, default under, or intention to terminate (including by non-renewal), any Company IP Agreement.

(c) The Company is the sole and exclusive legal and beneficial, and with respect to the Company IP Registrations, record, owner of all right, title and interest in and to the Company Intellectual Property, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Company's current business or operations, in each case, free and clear of Encumbrances other than those set forth in the Company IP Agreements.

(d) Except as set forth in Section 4.11(d) of the Disclosure Schedules, neither the execution, delivery or performance of this Agreement, nor the consummation of the transactions contemplated hereunder, will result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, the Company's right to own or use any Company Intellectual Property or any Intellectual Property subject to any Company IP Agreement.

(e) All of the Company Intellectual Property is valid and enforceable, and all Company IP Registrations are subsisting and in full force and effect. The Company has taken commercially reasonable and necessary steps to maintain and enforce the Company Intellectual Property and to preserve the confidentiality of all Trade Secrets included in the Company Intellectual Property, including by requiring all Persons having access thereto to execute binding, written non-disclosure agreements.

(f) The conduct of the Company's business as currently and formerly conducted, and the products, processes and services of the Company, have not infringed, misappropriated or otherwise violated, the Intellectual Property of any Person. To Sellers' Knowledge, no Person has infringed, misappropriated or otherwise violated any Company Intellectual Property.

(g) There are no Actions (including any opposition, cancellation, revocation, review, or other proceeding) settled, pending or, to Sellers' Knowledge, threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, or other violation by the Company of the Intellectual Property of any Person; (ii) challenging the validity, enforceability, registrability, patentability, or ownership of any Company Intellectual Property; or (iii) by the Company or any other Person alleging any infringement, misappropriation, or violation by any Person of the Company Intellectual Property. Neither Seller nor the Company is aware of any facts or circumstances that could reasonably be expected to give rise to any such Action. The Company is not subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or could reasonably be expected to restrict or impair the use of any Company Intellectual Property.

(h) Except as set forth on Section 4.11(h) of the Disclosure Schedules, the computer hardware, servers, networks, platforms, peripherals, data communication lines, and other information technology equipment and related systems, including any outsourced systems and processes, that are owned or used by the Company ("**Company Systems**") are reasonably sufficient for the immediate needs of the Company's business. Except as set forth on Section 4.11(h) of the Disclosure Schedules, in the past eighteen (18) months, there has been no unauthorized access, use, intrusion, or breach of security, or material failure, breakdown, performance reduction, or other adverse event affecting any Company Systems, that has caused or could reasonably be expected to cause any: (i) substantial disruption of or interruption in or to the use of such Company Systems or the conduct of the Company's business; (ii) loss, destruction, damage, or harm of or to the Company or its operations, personnel, property, or other assets; or (iii) liability of any kind to the Company. The Company has taken commercially reasonable actions to protect the integrity and security of the Company Systems and the data and other information stored or processed thereon. The Company maintains the backup and data recovery, disaster recovery and business continuity plans and procedures set forth on Section 4.11(h) of the Disclosure Schedules and acts in compliance therewith.

Section 4.12 Accounts Receivable; Inventory.

(a) The accounts receivable reflected on the Balance Sheet and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of the Company not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) will be collected in accordance with their terms at their recorded amounts, subject only to the reserve for bad debts set forth on the face of the Balance Sheet (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company. The reserve for bad debts shown on the Balance Sheet or, with respect to accounts receivable arising after the Balance Sheet Date, on the accounting records of the Company have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

(b) All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, or defective items that have been written off or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, and no inventory is held on a consignment basis. The quantities of each item of inventory are not excessive, but are reasonable in the present circumstances of the Company.

Section 4.13 Customers and Suppliers.

(a) Section 4.13(a) of the Disclosure Schedules sets forth (i) each customer who has paid aggregate consideration to the Company for goods or services rendered in an amount greater than or equal to $50,000 for each of the two (2) most recent fiscal years (collectively, the "**Material Customers**"); and (ii) the amount of consideration paid by each Material Customer during such periods. The Company has not received any notice, and Sellers have no Knowledge, that any of its Material Customers has stopped, or intends to stop after the Closing, engaging Company for its services or to otherwise terminate or materially reduce its relationship with the Company.

(b) Section 4.13(b) of the Disclosure Schedules sets forth (i) each supplier to whom the Company has paid consideration for goods or services rendered in an amount greater than or equal to $50,000 for each of the two (2) most recent fiscal years (collectively, the "**Material Suppliers**"); and (ii) the amount of purchases from each Material Supplier during such periods. The Company has not received any notice, and Sellers have no Knowledge, that any of its Material Suppliers has ceased, or intends to cease, to supply goods or services to the Company or to otherwise terminate or materially reduce its relationship with the Company.

Section 4.14 Insurance. Section 4.14 of the Disclosure Schedules sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance maintained by the Company, Sellers or their Affiliates and relating to the assets, business, operations, employees, officers and directors of the Company (collectively, the "**Insurance Policies**") and true and complete copies of such Insurance Policies have been made available to Buyer. Such Insurance Policies are in full force and effect and, absent termination, modification, or breach of policy requirements by Buyer, shall remain in full force and effect in accordance with their terms following the consummation of the transactions contemplated by this Agreement. None of the Company, the Sellers nor any of their Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have been paid. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of the Company. All such Insurance Policies (a) are valid and binding in accordance with their terms; (b) are provided by carriers who are, to Sellers' Knowledge, financially solvent; and (c) have not been subject to any lapse in coverage. There are no claims related to the business of the Company pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. None of the Company, the Sellers or any of their Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Company and are sufficient for compliance with all applicable Laws and Contracts to which the Company is a party or by which it is bound.

Section 4.15 Legal Proceedings; Governmental Orders.

(a) Except as set forth in Section 4.15(a) of the Disclosure Schedules, there are no Actions pending or, to Sellers' Knowledge, threatened (a) against or by the Company affecting any of its properties or assets (or by or against Sellers or any Affiliate of either Seller and relating to the Company); or (b) against or by the Company, Sellers or any Affiliate of either Seller that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. Except as set forth in Section 4.15(a) of the Disclosure Schedules, no event has occurred or circumstances exist may give rise to, or serve as a basis for, any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against or affecting the Company or any of its assets. The Company is in compliance with the terms of each Governmental Order set forth in Section 4.15(b) of the Disclosure Schedules. No event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

Section 4.16 Compliance With Laws; Permits.

(a) The Company has complied, and is now complying, in all material respects with all Laws applicable to it or its business, properties or assets.

(b) All Permits required for the Company to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Section 4.16(b) of the Disclosure Schedules lists all current Permits issued to the Company, including the names of the Permits and their respective dates of issuance and expiration. To Sellers' Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 4.16(b) of the Disclosure Schedules.

Section 4.17 Environmental Matters.

(a) The operations of Company with respect to the Business are currently in, and has been in, material compliance with all applicable Environmental Laws. The Sellers nor Company has not received from any Person, with respect to the Business, any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) The Company has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in Section 4.17(b) of the Disclosure Schedules) necessary for the ownership, lease, operation or use of the business or assets of the Company and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Seller through the Closing Date in accordance with Environmental Law, and neither Seller nor the Company is aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the ownership, lease, operation or use of the business or assets of the Company as currently carried out. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and neither the Company nor the Seller is aware of any condition, event or circumstance that might prevent or impede the transferability of the same, nor have they received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(c) During the Sellers' ownership or operation of the Company, there has been no Release of Hazardous Materials in violation of Environmental Law or requiring Remedial Action under Environmental Law.

(d) No real property currently or formerly owned, operated or leased by the Company is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(e) Seller has provided or otherwise made available to Buyer and listed in Section 4.17(d) of the Disclosure Schedules: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the business or assets of the Company or any currently or formerly owned, operated or leased real property which are in the possession or control of the Sellers or the Company related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials, and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

Section 4.18 Employee Benefit Matters.

(a) Section 4.18(a) of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock or stock-based, change in control, retention, severance, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by the Company for the benefit of any current or former employee, officer, director, retiree, independent contractor or consultant of the Company or any spouse or dependent of such individual, or under which the Company or any of its ERISA Affiliates has or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (as listed on Section 4.18 (a) of the Disclosure Schedules, each, a "**Benefit Plan**").

(b) With respect to each Benefit Plan, Seller has made available to Buyer accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, summaries of benefits and coverage, COBRA communications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service and any legal opinions issued thereafter with respect to such Benefit Plan's continued qualification; (vi) in the case of any Benefit Plan for which a Form 5500 must be filed, a copy of the two most recently filed Forms 5500, with all corresponding schedules and financial statements attached; (vii) actuarial valuations and reports related to any Benefit Plans with respect to the two most recently completed plan years; (viii) the most recent nondiscrimination tests performed under the Code; and (ix) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Department of Health and Human Services, Pension Benefit Guaranty Corporation or other Governmental Authority relating to the Benefit Plan.

(c) Each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**")) has been established, administered and maintained in accordance with its terms and in compliance with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a "**Qualified Benefit Plan**") is so qualified and received a favorable and current determination letter from the Internal Revenue Service with respect to the most recent five year filing cycle, or with respect to a prototype or volume submitter plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan or volume submitter plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject the Company or any of its ERISA Affiliates or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to tax or penalty under Sections 4975 or 4980H of the Code.

(d) Neither the Company nor any of its ERISA Affiliates has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Benefit Plan; (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA.

(e) With respect to each Benefit Plan (i) no such plan is a Multiemployer Plan; (ii) no such plan is a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA); (iii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iv) no such plan is subject to the minimum funding standards of Section 412 of the Code or Title IV of ERISA, and none of the assets of the Company or any ERISA Affiliate is, or may reasonably be expected to become, the subject of any lien arising under Section 302 of ERISA or Section 412(a) of the Code; and (v) no "reportable event," as defined in Section 4043 of ERISA, has occurred with respect to any such plan.

(f) Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms, without material liabilities to Buyer, the Company or any of their Affiliates other than ordinary administrative expenses typically incurred in a termination event. The Company has no commitment or obligation and has not made any representations to any employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(g) Other than as required under Sections 601 to 608 of ERISA or other applicable Law, no Benefit Plan provides post-termination or retiree health benefits to any individual for any reason, and neither the Company nor any of its ERISA Affiliates has any Liability to provide post-termination or retiree health benefits to any individual or ever represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree health benefits.

(h) There is no pending or, to Seller's Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three (3) years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(i) Since the Balance Sheet Date, there has been no amendment to, announcement by Seller, the Company or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any director, officer, employee, independent contractor or consultant, as applicable. None of Seller, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any director, officer, employee, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement.

(j) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(k) Each individual who is classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(l) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of the Company to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation (including stock-based compensation) due to any such individual; (iii) limit or restrict the right of the Company to merge, amend, or terminate any Benefit Plan; (iv) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (v) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (vi) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code. Seller has made available to Buyer true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

Section 4.19 Employment Matters.

(a) Section 4.19(a) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of the Company as of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full-time or part-time); (iii) hire or retention date; (iv) current annual base compensation rate or contract fee; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. All compensation, including wages, commissions and bonuses, payable to all employees, independent contractors or consultants of the Company for services performed on or prior to the date hereof have been paid in full (or accrued in full in the Estimated Net Working Capital) and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions or bonuses.

(b) The Company is not, and has never been, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "**Union**"), and there is not, and has never been, any Union representing or purporting to represent any employee of the Company as an employee of the Company, and, to Sellers' Knowledge, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting the Company or any of its employees. The Company has no duty to bargain with any Union.

(c) The Company is and has been in material compliance with all applicable Laws pertaining to employment and employment practices, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by the Company as independent contractors or consultants are properly treated as independent contractors under all applicable Laws. All employees of the Company classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. There are no Actions against the Company pending, or to the Sellers' Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant or independent contractor of the Company, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wage and hours or any other employment related matter arising under applicable Laws.

(d) The Company has complied with the WARN Act, and it has no plans to undertake any action that would trigger the WARN Act.

(e) With respect to each Government Contract, the Company is and has been in compliance with Executive Order No. 11246 of 1965 ("**E.O. 11246**"), Section 503 of the Rehabilitation Act of 1973 ("**Section 503**") and the Vietnam Era Veterans' Readjustment Assistance Act of 1974 ("**VEVRAA**"), including all implementing regulations. The Company maintains and complies with affirmative action plans in compliance with E.O. 11246, Section 503 and VEVRAA, including all implementing regulations. The Company is not, and has not been for the past five (5) years, the subject of any audit, investigation or enforcement action by any Governmental Authority in connection with any Government Contract or related compliance with E.O. 11246, Section 503 and VEVRAA. The Company has not been debarred, suspended or otherwise made ineligible from doing business with the United States government or any government contractor. The Company is in compliance with and has complied with all immigration laws, including any applicable mandatory E-Verify obligations.

Section 4.20 Taxes.

(a) All Tax Returns required to be filed on or before the Closing Date by the Company have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No claim has been made by any taxing authority in any jurisdiction where the Company does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(d) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company.

(e) The amount of the Company's Liability for unpaid Taxes for all periods ending on or before September 30, 2019 does not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Financial Statements. The amount of the Company's Liability for unpaid Taxes for all periods following the end of the recent period covered by the Financial Statements shall not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) as adjusted for the passage of time in accordance with the past custom and practice of the Company (and which accruals shall not exceed comparable amounts incurred in similar periods in prior years).

(f) Section 4.20(f) of the Disclosure Schedules sets forth:

(i) the taxable years of the Company as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired;

(ii) those years for which examinations by the taxing authorities have been completed; and

(iii) those taxable years for which examinations by taxing authorities are presently being conducted.

(g) All deficiencies asserted, or assessments made, against the Company as a result of any examinations by any taxing authority have been fully paid.

(h) The Company is not a party to any Action by any taxing authority. There are no pending or, to Sellers' Knowledge, threatened Actions by any taxing authority.

(i) Seller has delivered to Buyer copies of all federal, state, local and foreign income, franchise and similar Tax Returns, examination reports, and statements of deficiencies assessed against, or agreed to by, the Company for all Tax periods ending after September 30, 2014.

(j) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(k) The Company is not a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement.

(l) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any taxing authority with respect to the Company.

(m) The Company has not been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes. The Company has no Liability for Taxes of any Person (other than the Company) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign Law), as transferee or successor, by contract or otherwise.

(n) The Company will not be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(v) any election under Section 108(i) of the Code.

(o) Seller is not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. The Company is not, nor has it been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(a) of the Code.

(p) The Company has not been a "distributing corporation" or a "controlled corporation" in connection with a distribution described in Section 355 of the Code.

(q) The Company is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011 4(b).

(r) There is currently no limitation on the utilization of net operating losses, capital losses, built-in losses, tax credits or similar items of the Company under Sections 269, 382, 383, 384 or 1502 of the Code and the Treasury Regulations thereunder (and comparable provisions of state, local or foreign Law).

(s) There are no foreign jurisdictions in which the Company is subject to Tax, is engaged in business or has a permanent establishment. The Company has not entered into a gain recognition agreement pursuant to Treasury Regulations Section 1.367(a)-8. The Company has not transferred an intangible the transfer of which would be subject to the rules of Section 367(d) of the Code.

(t) No property owned by the Company is (i) required to be treated as being owned by another person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, (ii) subject to Section 168(g)(1)(A) of the Code, or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

Section 4.21 Books and Records. All minute books and stock record books of the Company that are in the possession of or available to Sellers have been made available to Buyer, and all such books and records are correct in all material respects. At the Closing, all of those books and records will be in the possession of the Company.

Section 4.22 Transactions with Affiliates. None of Sellers, their Affiliates, or the Company's directors, officers, and employees has been involved in any business arrangement or relationship with the Company within the past twelve (12) months (other than customary employment relationships), and none of Sellers, their Affiliates, or the Company's directors, officers, employees, and shareholders owns any asset, tangible or intangible, that is used in the business of the Company. The Company does not have any Indebtedness owing from the Company to any of Sellers, their Affiliates, or the Company's directors, officers, and employees.

Section 4.23 Brokers. Except for Rua M&A, LLC d/b/a NuVescor, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Company or Sellers.

Section 4.24 Business Continuity. None of the computer software, computer hardware (whether general or special purpose), telecommunications capabilities (including all voice, data and video networks) and other similar or related items of automated, computerized, and/or software systems and any other networks or systems and related services that are used by or relied on by the Company in the conduct of its business (collectively, the "**Systems**") have experienced bugs, failures, breakdowns, or continued substandard performance in the past twelve (12) months that has caused any substantial disruption or interruption in or to the use of any such Systems by the Company.

Section 4.25 Privacy and Data Security.

(a) The Company complies, and at all times in the past three (3) years has complied, in all material respects with all of the following: (A) Privacy Laws; (B) the Company Privacy and Data Security Policies; and (C) all obligations or restrictions concerning the privacy, security, or Processing of Personal Information under any Contract to which the Company is a party or otherwise bound as of the date hereof.

(b) The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated hereby, do not and will not: (A) conflict with or result in a violation or breach of any Privacy Laws or Company Privacy and Data Security Policies (as currently existing or as existing at any time during which any Personal Information was collected or Processed by or for the Company); or (B) require the consent of or notice to any Person concerning such Person's Personal Information.

(c) The Company has delivered or made available to Buyer true, complete, and correct copies of all Company Privacy and Data Security Policies that are currently in effect, and the Company has complied in all material respects with such Company Privacy and Data Security Policies.

(d) In the past three (3) years, (A) to, no Personal Information in the possession or control of the Company has been subject to any data or security breach or unauthorized access, disclosure, use, loss, denial or loss of use, alteration, destruction, compromise, or Processing (a "**Security Incident**"), and (B) the Company has not notified and, to Sellers' Knowledge, there have been no facts or circumstances that would require the Company to notify, any Governmental Authority or other Person of any Security Incident.

(e) In the past three (3) years, the Company has not received any notice, request, claim, complaint, correspondence, or other communication in writing from any Governmental Authority or other Person, and there has not been any audit, investigation, enforcement action (including any fines or other sanctions), or other Action relating to, any actual, alleged, or suspected Security Incident or violation of any Privacy Law involving Personal Information in the possession or control of the Company, or held or Processed by any vendor, processor, or other third party for or on behalf of the Company.

Section 4.26 Full Disclosure; No Other Representations or Warranties. No representation or warranty by Company or Sellers in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading. Except for the representations and warranties expressly set forth in this Agreement, neither Sellers nor the Company has made or makes any express or implied representation or warranty, either written or oral, on behalf of Sellers or the Company, including any representation or warranty as to the accuracy or completeness of any information or as to the future revenue, profitability or success of the Business, or any representation or warranty arising from statute or otherwise in law, and any and all representations and warranties, express or implied, that are not expressly set forth in this Agreement are hereby expressly waived and disclaimed by Buyer.

ARTICLE V
COVENANTS

Section 5.01 Resignations. Sellers shall deliver to Buyer written resignations, effective as of the Closing Date, of the officers and directors of the Company as set forth on Section 5.01 of the Disclosure Schedules.

Section 5.02 Confidentiality. At all times from and after the Closing, Sellers shall, and shall cause their respective Affiliates to, hold (and shall use their reasonable best efforts to cause their respective Representatives to hold) in confidence any and all information, whether electronic, written or oral, concerning the Company and/or the transactions contemplated herein, except to the extent that Sellers can show that such information is generally available to and known by the public through no fault of either Seller or any of their respective Affiliates or Representatives. If either Seller or any of their respective Affiliates or Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such Seller will notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 5.02 as to such circumstances only. If, in the absence of a protective order or the receipt of a waiver hereunder, any of the Sellers or their respective Affiliates or Representatives is, on the advice of counsel, compelled to disclose any such information to any tribunal, such Seller (or their respective Affiliates or Representatives) may disclose the information to the tribunal; *provided, however,* that the disclosing Person shall use commercially reasonable efforts to obtain an order or other assurance that confidential treatment will be accorded to such portion of the information required to be disclosed as the Buyer shall designate. Each Seller acknowledges that a breach or threatened breach of this Section 5.02 would give rise to irreparable harm to Buyer and the Company, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Seller of any such obligations, Buyer and the Company shall, in addition to any and all other rights and remedies that may be available to either of them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

Section 5.03 Non-Competition; Non-Solicitation.

(a) For a period of five (5) years commencing on the Closing Date (the "**Restricted Period**"), each Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) intentionally interfere in any material respect with the business relationships (whether formed prior to or after the date of this Agreement) between the Company and customers or suppliers of the Company; *provided, however,* that a Seller may own, directly or indirectly, solely as a passive investment, securities of any Person traded on any national securities exchange if such Seller (x) is not a controlling Person of, or a member of a group which controls, such Person, (y) does not, directly or indirectly, own two percent (2%) or more of any class of securities of such Person, and (z) does not actively engage in the business of such Person or provide any information to such Person in violation of Section 5.02.

(b) During the Restricted Period, each Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any employee of the Company or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided, that* nothing in this Section 5.03(b) shall prevent a Seller or any of its Affiliates from hiring (i) any employee whose employment has been terminated by the Company or Buyer or (ii) after one hundred eighty (180) days from the date of termination of employment, any employee whose employment has been terminated by the employee

(c) During the Restricted Period, each Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of the Company or potential clients or customers of the Company for purposes of diverting their business or services from the Company, or to encourage any such Person to cease or reduce their business with the Company.

(d) Each Seller acknowledges that a breach or threatened breach of this Section 5.03 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(e) Seller acknowledges that the restrictions contained in this Section 5.03 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.03 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.03 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

(f) Nothing in this Section 5.03 shall impair any broader or more extensive covenant under any employment, independent contractor, sales representative, consulting or confidentiality, non-competition, or other similar agreement between any Seller, on the one hand, and Buyer, the Company, or any other Affiliate of Buyer, on the other hand, including without limitation the Non-Competition and Non-Solicitation Agreements. For purposes of this Section 5.03, all references to Buyer shall be deemed to include any and all Affiliates of Buyer.

Section 5.04 Governmental Approvals and Consents.

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all post-Closing filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all post-Closing consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary as a result of the consummation of the transactions contemplated in this Agreement and the performance of a party's obligations pursuant to this Agreement and the other Transaction Documents. Each party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such post-Closing consents, authorizations, orders and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Seller and Buyer shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 4.04 of the Disclosure Schedules.

(c) If any consent, approval or authorization necessary to preserve any right or benefit under any Contract to which the Company is a party is not obtained prior to the Closing, Seller shall, subsequent to the Closing, cooperate with Buyer and the Company in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, Seller shall use its commercially reasonable efforts to provide the Company with the rights and benefits of the affected Contract for the term thereof, and, if Seller provides such rights and benefits, the Company shall assume all obligations and burdens thereunder. Nothing in this Section 5.04(c) shall be deemed as limiting any remedies of Buyer hereunder for Sellers' failure to provide any such required consent, approval or authorization.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority in connection with the transactions contemplated hereunder shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(e) Notwithstanding the foregoing, nothing in this Section 5.04 shall require, or be construed to require, Buyer or any of its Affiliates to agree to (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Buyer, the Company or any of their respective Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 5.05 Books and Records.

(a) Subject to Section 5.02 and without limiting any obligations of the Sellers thereunder, in order to facilitate the resolution of any claims made against or incurred by Sellers prior to the Closing, or for any other reasonable purpose, for a period of two (2) years after the Closing, Buyer shall:

(i) except to the extent such books and records are retained by the Company or otherwise provided to Buyer, retain the books and records (including personnel files) of the Company relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of the Company; and

(ii) upon reasonable notice, afford the Representatives of Seller reasonable access (including the right to make, at Sellers' expense, photocopies), during normal business hours, to such books and records;

provided, however, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in ARTICLE VI.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the Closing, or for any other reasonable purpose, for a period of two (2) years following the Closing, Sellers shall:

(i) except to the extent such books and records are retained by the Company or otherwise provided to Buyer, retain the books and records (including personnel files) of Sellers which relate to the Company and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records;

provided, however, that any books and records related to Tax matters shall be retained pursuant to the periods set forth in ARTICLE VI.

(c) Neither Buyer nor Seller shall be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this Section 5.05 where such access would violate any Law. Nothing in this Section 5.05 shall be deemed as transferring ownership of any Company books and records to Sellers.

Section 5.06 Insurance Policy Modifications. At any time during the Calculation Period, if Buyer cancels or modifies the insurance policies of the Company, which are in effect as of the Closing Date for coverage relating to cyber liability and employment practices liability from a claims-made policy to an occurrence-based policy, Buyer shall provide Sellers thirty (30) days' prior written notice of such modification. Additionally, the Company currently maintains life insurance policies on each of Colton and Liebold (collectively, the "**Life Insurance Policies**"). Sellers have taken steps to sell the Life Insurance Policies for their cash value. In the event the Company receives the cash value for the Life Insurance Policies after Closing, Buyer shall, within three (3) Business Days, remit such cash value amount to the Sellers, to the account(s) designated by the Sellers.

Section 5.07 Public Announcements. Unless otherwise required by applicable Law or reporting requirements for public companies as set forth in the Securities Exchange Act of 1934 (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

Section 5.08 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement.

ARTICLE VI
TAX MATTERS

Section 6.01 Tax Covenants.

(a) Without the prior written consent of Buyer, Sellers (and, prior to the Closing, the Company, its Affiliates and their respective Representatives) shall not, to the extent it may affect, or relate to, the Company, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action, omit to take any action or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer or the Company in respect of any Post-Closing Tax Period. Sellers agree that, except for payment of each and every Tax for which Buyer is expressly made responsible under this Agreement, Buyer is to have no liability for any Tax resulting from any action of Sellers, the Company, its Affiliates or any of their respective Representatives, and agrees to indemnify and hold harmless Buyer (and, after the Closing Date, the Company) against any such Tax or reduction of any Tax asset.

(b) All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Transaction Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid by Sellers when due. Seller shall, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

(c) Buyer shall prepare, or cause to be prepared, all Tax Returns required to be filed by the Company after the Closing Date with respect to a Pre-Closing Tax Period. Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law) and without a change of any election or any accounting method and shall be submitted by Buyer to Sellers (together with schedules, statements and, to the extent requested by Sellers, supporting documentation) at least 45 days prior to the due date (including extensions) of such Tax Return. If Sellers object to any item on any such Tax Return, it shall, within 10 days after delivery of such Tax Return, notify Buyer in writing that it so objects, specifying with particularity any such item and stating the specific factual or legal basis for any such objection. If a notice of objection shall be duly delivered, Buyer and Sellers shall negotiate in good faith and use their reasonable best efforts to resolve such items. If Buyer and Sellers are unable to reach such agreement within 10 days after receipt by Buyer of such notice, the disputed items shall be resolved by the Accounting Referee and any determination by the Accounting Referee shall be final. The Accounting Referee shall resolve any disputed items within twenty days of having the item referred to it pursuant to such procedures as it may require. If the Accounting Referee is unable to resolve any disputed items before the due date for such Tax Return, the Tax Return shall be filed as prepared by Buyer and then amended to reflect the Accounting Referee's resolution. The costs, fees and expenses of the Accounting Referee shall be borne equally by Buyer and Sellers. The preparation and filing of any Tax Return of the Company that does not relate to a Pre-Closing Tax Period shall be exclusively within the control of Buyer.

Section 6.02 Termination of Existing Tax Sharing Agreements. Any and all existing Tax sharing agreements (whether written or not) binding upon the Company shall be terminated as of the Closing Date. After such date none of the Company, Sellers nor any of Sellers' Affiliates and their respective Representatives shall have any further rights or liabilities thereunder.

Section 6.03 Tax Indemnification. Except to the extent treated as a liability in the calculation of Final Net Working Capital, Sellers shall, jointly and severally, indemnify the Company, Buyer, and each Buyer Indemnitee and hold them harmless from and against (a) any Loss attributable to any breach of or inaccuracy in any representation or warranty made in Section 4.20; (b) any Loss attributable to any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation in ARTICLE VI; (c) all Taxes of the Company or relating to the business of the Company for all Pre-Closing Tax Periods; (d) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Company (or any predecessor of the Company) is or was a member on or prior to the Closing Date by reason of a liability under Treasury Regulation Section 1.1502-6 or any comparable provisions of foreign, state or local Law; (e) any and all Taxes of any person imposed on the Company arising under the principles of transferee or successor liability or by contract, relating to an event or transaction occurring before the Closing Date; and (f) all Taxes and other Liabilities resulting from the sale of the Shares as provided herein. In each of the above cases, together with any out-of-pocket fees and expenses (including attorneys' and accountants' fees) incurred in connection therewith. Sellers shall reimburse Buyer for any Taxes of the Company that are the responsibility of Sellers pursuant to this Section 6.03 within ten Business Days after payment of such Taxes by Buyer or the Company.

Section 6.04 Straddle Period. In the case of Taxes that are payable with respect to a taxable period that begins before and ends after the Closing Date (each such period, a "**Straddle Period**"), the portion of any such Taxes that are treated as Pre-Closing Taxes for purposes of this Agreement shall be:

(a) in the case of Taxes (i) based upon, or related to, income, receipts, profits, wages, capital or net worth, (ii) imposed in connection with the sale, transfer or assignment of property, or (iii) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

(b) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

Section 6.05 Contests. Buyer agrees to give written notice to Sellers of the receipt of any written notice by the Company, Buyer or any of Buyer's Affiliates which involves the assertion of any claim, or the commencement of any Action, in respect of which an indemnity may be sought by Buyer pursuant to this ARTICLE VI (a " **Tax Claim**"); *provided, that* failure to comply, or any delay in complying, with this provision shall not affect Buyer's right to indemnification hereunder except only to the extent Sellers are materially prejudiced by such failure or delay.

Section 6.06 Cooperation and Exchange of Information. Sellers and Buyer shall provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return pursuant to this ARTICLE VI or in connection with any audit or other proceeding in respect of Taxes of the Company. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules, related work papers and documents relating to rulings or other determinations by tax authorities. Each of Sellers and Buyer shall retain all Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods. Prior to transferring, destroying or discarding any Tax Returns, schedules and work papers, records and other documents in its possession relating to Tax matters of the Company for any taxable period beginning before the Closing Date, Sellers or Buyer (as the case may be) shall provide the other party with reasonable written notice and offer the other party the opportunity to take custody of such materials.

Section 6.07 Tax Treatment of Indemnification Payments. Any indemnification payments pursuant to this ARTICLE VI shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 6.08 Payments to Buyer. Any amounts payable to Buyer pursuant to this ARTICLE VI shall be satisfied: (i) from the Indemnification Escrow Fund; and (ii) to the extent such amounts exceed the amount available to Buyer in the Indemnification Escrow Fund, from Seller.

Section 6.09 Survival. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 4.20 and this ARTICLE VI shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days.

Section 6.10 Overlap. To the extent that any obligation or responsibility pursuant to ARTICLE VII may overlap with an obligation or responsibility pursuant to this ARTICLE VI, the provisions of this ARTICLE VI shall govern.

ARTICLE VII
INDEMNIFICATION

Section 7.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is twelve (12) months from the Closing Date; *provided, that* the representations and warranties in (a) Section 3.01(a), Section 3.01(d), Section 3.01(e), Section 3.02(a), Section 3.02(d), Section 4.01, Section 4.02, Section 4.03 and Section 4.23 (collectively, the foregoing, the "**Fundamental Representations**") shall survive for a period equal to the longer of either six (6) years or the applicable statute of limitations, (b) Section 4.17 shall survive for a period of five (5) years after the Closing, and (c) Section 4.18 and Section 4.20 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days. All covenants and agreements of the parties contained herein (other than any covenants or agreements contained in ARTICLE VI which are subject to ARTICLE VI) shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 7.02 Indemnification By Sellers. Subject to the other terms and conditions of this ARTICLE VII:

(a) Each Seller, severally but not jointly, shall indemnify and defend each of Buyer and its Affiliates (including, after the Closing, the Company) and their respective Representatives (collectively, the "**Buyer Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any of the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(i) any inaccuracy in or breach of any of the representations or warranties of such Seller as set forth in Section 3.01, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by such Seller pursuant to Section 5.02 and Section 5.03 of this Agreement; and/or

(iii) any fraud or willful misconduct by such Seller.

(b) Sellers, jointly and severally, shall indemnify and defend each of the Buyer Indemnitees against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, any of the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(i) any inaccuracy in or breach of any of the representations or warranties of Sellers or the Company contained in this Agreement or in any certificate or instrument delivered by or on behalf of Sellers pursuant to this Agreement (but excluding any breach or violation of any of the representations and warranties of Sellers set forth in Section 3.01, as to which Section 7.02(a)(i) applies instead), as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by any Seller pursuant to this Agreement (but excluding any breach or violation of, or failure to fully perform, any covenant, agreement, undertaking or obligation set forth in Section 5.02 and Section 5.03, as to which Section 7.02(a)(ii) applies instead);

(iii) any Pre-Closing Taxes;

(iv) the matters set forth on Section 7.02(b)(iv) of the Disclosure Schedules;

(v) any Losses (including any Third Party Claim) based upon, resulting from or arising out of the business, operations, properties, assets, obligations or Liabilities of the Company conducted, existing or arising on or prior to the Closing Date; and/or

(vi) any fraud or willful misconduct by the Company, to the extent such fraud occurred on or prior to the Closing Date.

Section 7.03 Indemnification By Buyer. Subject to the other terms and conditions of this ARTICLE VII, Buyer shall indemnify and defend each Seller and their Affiliates and their respective Representatives (collectively, the "**Seller Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement;

(c) any Post-Closing Taxes;

(d) any Losses (including any Third Party Claim) based upon, resulting from or arising out of the business, operations, properties, assets, obligations or Liabilities of the Company conducted, first existing or first arising after the Closing Date; and/or

(e) any fraud or willful misconduct by the Company, to the extent such fraud occurred after to the Closing Date.

Section 7.04 Certain Limitations. The indemnification provided for in Section 7.02 and Section 7.03 shall be subject to the following limitations:

(a) Sellers shall not be liable to the Buyer Indemnitees for indemnification under Section 7.02(b)(i) until the aggregate amount of all Losses in respect of indemnification under Section 8.02(a)(i) and Section 7.02(b)(i) exceeds $100,000 (the "**Basket**"), in which event Sellers shall be required to pay or be liable for all such Losses in excess of the Basket. The aggregate amount of all Losses for which Sellers shall be liable pursuant to Section 8.02(a)(i) and Section 7.02(b)(i) shall not exceed $1,200,000 (the "**Cap**"); *provided, however,* that neither the Basket nor the Cap shall apply to any breach of any of the Fundamental Representations. The aggregate amount of all Losses for which Sellers shall be liable pursuant to Section 8.01(a)(i) and Section 7.02(b)(i) for breaches of representations, including without limitation breaches of Fundamental Representations and those representations in Section 4.20, shall not exceed the sum of (i) $3,500,000, and (ii) the aggregate amount of all Earn-Outs actually received by Sellers.

(b) For purposes of this ARTICLE VII, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

Section 7.05 Indemnification Procedures. The party making a claim under this ARTICLE VII is referred to as the "**Indemnified Party**", and the party against whom such claims are asserted under this ARTICLE VII is referred to as the "**Indemnifying Party**".

(a) **Third Party Claims**. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a " **Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement (including with respect to any Tax Claim), the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material correspondence, documents, and information regarding such Third Party Claim and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided, that* if one or more of the Sellers are the Indemnifying Party, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Company, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 7.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided, that* if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 7.05(b), pay, compromise and defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Sellers and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 5.02) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) **Settlement of Third Party Claims**. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 7.05(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party refuses to consent to such firm offer within ten (10) Business Day after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party refuses to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 7.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) **Direct Claims**. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to reasonably investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim, and the Indemnified Party shall reasonably assist the Indemnifying Party's investigation by giving such information and assistance (including reasonable access to the Company's premises and personnel and the right to examine and copy any relevant accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party disputes such Direct Claim, or does not respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

(d) **Tax Claims**. Notwithstanding any other provision of this Agreement, the control of any claim, assertion, event or proceeding in respect of Taxes of the Company (including, but not limited to, any such claim in respect of a breach of the representations and warranties in Section 4.20 hereof or any breach or violation of or failure to fully perform any covenant, agreement, undertaking or obligation in ARTICLE VI) shall be governed exclusively by ARTICLE VI hereof.

(e) **Mitigation**. Any Party that is entitled to indemnification under this Article VIII shall use commercially reasonable efforts to mitigate any and all Losses in respect of any claim for which it is seeking indemnification.

Section 7.06 Payments; Indemnification Escrow Fund. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this ARTICLE VII, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such fifteen (15) Business Day period, any amounts payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to, and including, the date such payment has been made at a rate per annum equal to ten percent (10%). Such interest shall be calculated daily on the basis of a three hundred sixty-five (365) day year and the actual number of days elapsed. Any Losses payable to a Buyer Indemnitee pursuant to this ARTICLE VII shall be satisfied: (i) from the Indemnification Escrow Fund; and (ii) to the extent the amount of Losses exceeds the amounts available to the Buyer Indemnitee in the Indemnification Escrow Fund, from the Sellers. Without limiting the foregoing, Buyer shall have the right, but not the obligation, to offset all amounts owed to Buyer hereunder against any other amounts payable by Buyer to Sellers under this Agreement, including without limitation the payments of any Earn-Out pursuant to Section 2.06, or under any of the other agreements or instruments entered into in connection with the transactions contemplated herein.

Section 7.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 7.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate.

Section 7.09 Materiality. Each of the representations and warranties in ARTICLE III and ARTICLE IV that contains any "Material Adverse Effect," "material" or similar materiality qualifications shall be read as though such qualifications were not contained therein for purposes of determining whether any breach of any such representation or warranty has occurred and for purposes of determining the amount of Losses to which any Indemnified Party may be entitled under this ARTICLE VII.

Section 7.10 Exclusive Remedies. Subject to Section 5.02 and Section 5.03 and Section 8.10, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein, shall be pursuant to the indemnification provisions set forth in ARTICLE VI and this ARTICLE VII. Nothing in this Section 7.10 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or intentional misconduct.

ARTICLE VIII
MISCELLANEOUS

Section 8.01 Expenses. Except as otherwise expressly provided herein [or in that Letter Agreement, dated as of December 20, 2019, by and between the Buyer and Sellers (the "**Letter Agreement**")], all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 8.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 8.02):

If to Sellers:	C/O: Thomas M. Liebold 22400 Lavon, St. Clair Shores, Michigan, 48081 E-mail: TomL@gsiinc.com
with a copy to:	Rhoades McKee, PC 55 Campau Ave NW, Suite 300 Grand Rapids, Michigan 49503 E-mail: jsiebers@rhoadesmckee.com Attention: Jonathan J. Siebers
If to Buyer:	2190 Dividend Dr. Columbus, Ohio 43228 E-mail: jdesocio@intellinetics.com Attention: James DeSocio, President & CEO
with a copy to:	Kegler Brown Hill & Ritter Co., LPA 65 E. State Street, Suite 1800 Columbus, Ohio 43215 E-mail: EHerbst@KeglerBrown.com Attention: Erin C. Herbst

Section 8.03 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 8.04 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 5.03, upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 8.05 Entire Agreement. This Agreement, the Letter Agreement and the Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 8.06 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed; *provided, however*, that prior to the Closing Date, Buyer may, without the prior written consent of Seller, assign all or any portion of its rights under this Agreement to one or more of its direct or indirect wholly-owned subsidiaries. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 8.07 No Third-party Beneficiaries. Except as provided in Section 6.03 and ARTICLE VII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.08 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.09 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF OHIO IN EACH CASE LOCATED IN COUNTY OF FRANKLIN, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.09(c).

Section 8.10 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Stock Purchase Agreement to be executed as of the date first written above.

BUYER:

INTELLINETICS, INC.,
a Nevada corporation

By: */s/ James F. DeSocio*
Name: James F. DeSocio
Title: President and CEO

SELLERS:

/s/ Thomas M. Liebold
Thomas M. Liebold

/s/ Gregory P. Colton
Gregory P. Colton

/s/ Fredrick M. Kamienny
Fredrick M. Kamienny

/s/ Frederick L. Erlich
Frederick L. Erlich

COMPANY:

GRAPHIC SCIENCES, INC.,
a Michigan corporation

By: */s/ Gregory P. Colton*
Name: Gregory P. Colton
Title: President

EXHIBIT A

Definitions

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the preamble.

"**Audited Financial Statements**" has the meaning set forth in Section 4.05.

"**Balance Sheet**" has the meaning set forth in Section 4.05.

"**Balance Sheet Date**" has the meaning set forth in Section 4.05.

"**Basket**" has the meaning set forth in Section 7.04(a).

"**Benefit Plan**" has the meaning set forth in Section 4.18(a).

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Columbus, Ohio are authorized or required by Law to be closed for business.

"**Buyer**" has the meaning set forth in the preamble.

"**Buyer Indemnitees**" has the meaning set forth in Section 7.02.

"**Calculation Period**" means each of Year 1 Earnout Period, Year 2 Earnout Period and Year 3 Earnout Period.

"**Cap**" has the meaning set forth in Section 7.04(a).

"**CERCLA**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

"**Closing**" has the meaning set forth in Section 2.03.

"**Closing Date**" has the meaning set forth in Section 2.03.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Company**" has the meaning set forth in the recitals.

"**Company Gross Profit**" means the resulting amount of (i) the sales of the Company *minus* (ii) those cost of goods sold expenses historically classified as such by Company and as set forth as those accounts and line items listed in Exhibit E, attached hereto; *provided, however*, that Company Gross Profit for Year 1 Earnout Period shall be reduced by the Final Work in Process Amount.

"**Company Intellectual Property**" means all Intellectual Property that is owned by the Company.

"**Company IP Agreements**" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions and other Contracts, whether written or oral, relating to Intellectual Property to which the Company is a party, beneficiary or otherwise bound.

"**Company IP Registrations**" means all Company Intellectual Property that is subject to any issuance, registration or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, domain names and copyrights, and pending applications for any of the foregoing.

"**Company Privacy and Data Security Policies**" means all of the Company's past or present, internal or public-facing policies, notices, and statements concerning the privacy, security, or Processing of Personal Information.

"**Company Systems**" has the meaning set forth in Section 4.11(h).

"**Contract**" or "**Contracts**" means any contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"**Current Assets**" means accounts receivable, inventory, prepaid expenses, and other current assets listed on Exhibit B, but excluding (a) cash and cash equivalents, (b) Customer Deposits Amounts, (c) Work In Process Amounts, (d) the portion of any prepaid expense of which Buyer will not receive the benefit following the Closing, (e) deferred Tax assets and (f) receivables from any of the Company's Affiliates, directors, employees, officers or stockholders and any of their respective Affiliates, determined in accordance with GAAP applied using the same line items, accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of Exhibit B. For the avoidance of doubt, the parties agree that the Current Assets shall be those assets as identified as such on Exhibit B.

"**Current Liabilities**" means accounts payable, accrued Taxes and accrued expenses, but excluding payables to any of the Company's Affiliates, directors, employees, officers or stockholders and any of their respective Affiliates, deferred Tax liabilities, Transaction Expenses and the current portion of any Indebtedness of the Company, determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of Exhibit B. For the avoidance of doubt, the parties agree that the Current Liabilities shall be those liabilities as identified as such on Exhibit B.

"**Customer Deposit Amount**" means the aggregate amounts of all cash paid to the Company by customers of the Business, as reflected on the [Balance Sheet], for services not yet provided or rendered by Company to such customers in the ordinary course of conduct of the Business.

"**Data Room**" means the electronic data room facility with Dropbox, as constituted as of 5:00 p.m. Eastern Time on the Business Day prior to the date of this Agreement, containing documents and materials relating to the Company, the Sellers, and the Business.

"**Direct Claim**" has the meaning set forth in Section 7.05(c).

"**Disclosure Schedules**" means the Disclosure Schedules delivered by Seller and Buyer concurrently with the execution and delivery of this Agreement.

"**Dollars or $**" means the lawful currency of the United States.

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**Environmental Claim**" means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Materials; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

"**Environmental Law**" means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.

"**Environmental Notice**" means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or any term or condition of any Environmental Permit.

"**Environmental Permit**" means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"**ERISA Affiliate**" means all employers (whether or not incorporated) that would be treated together with the Company or any of its Affiliates as a "single employer" within the meaning of Section 414 of the Code or Section 4001 of ERISA.

"**Escrow Agent**" means Delaware Trust Company.

"**Escrow Agreement**" means the Escrow Agreement to be entered into by Buyer, Seller and Escrow Agent at the Closing, substantially in the form of Exhibit C.

"**Escrow Amount**" means an aggregate amount of $300,000, which is equal to (i) the Indemnification Escrow Amount*plus* (ii) the Purchase Price Adjustment Escrow Amount.

"**Financial Statements**" has the meaning set forth in Section 4.05.

"**GAAP**" means United States generally accepted accounting principles in effect from time to time.

"**Government Contracts**" has the meaning set forth in Section 4.08(a)(vii).

"**Governmental Authority**" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"**Hazardous Materials**" shall have the same meaning and definition as set forth in the Comprehensive Environmental Response Compensation and Liability Act as amended, 42 U.S.C. §9601 et seq. and regulations promulgated thereunder (collectively "CERCLA") and any corresponding state or local law or regulation, and shall also include : (i) any Hazardous Constituent or Hazardous Waste as defined by, or as otherwise identified by, the Resource Conservation and Recovery Act as amended 42 U.S.C. § 6901 et seq. or regulations promulgated thereunder (collectively "RCRA") and (ii) crude oil, petroleum, and fractions or distillates thereof.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**Indebtedness**" means, without duplication and with respect to the Company, all (a) indebtedness for borrowed money; (b) obligations for the deferred purchase price of property or services, (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments; (d) obligations under any interest rate, currency swap or other hedging agreement or arrangement; (e) capital lease obligations; (f) reimbursement obligations under any letter of credit, banker's acceptance or similar credit transactions; (g) all obligations of the Company or another Person secured by an Encumbrance on any asset of the Company, whether or not such Indebtedness is assumed by the Company, (h) guarantees made by the Company on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (g); and (i) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (h).

"**Indemnification Escrow Amount**" means $200,000.

"**Indemnification Escrow Fund**" has the meaning set forth in Section 2.04(a)(iv)(B).

"**Indemnified Party**" has the meaning set forth in Section 7.05.

"**Indemnifying Party**" has the meaning set forth in Section 7.05.

"**Insurance Policies**" has the meaning set forth in Section 4.14.

"**Intellectual Property**" means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) ("**Patents**"); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing ("**Trademarks**"); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing ("**Copyrights**"); (d) internet domain names and social media account or user names (including "handles"), whether or not Trademarks, all associated web addresses, URLs, websites and web pages, social media accounts and pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) mask works, and all registrations, applications for registration, and renewals thereof; (f) industrial designs, and all Patents, registrations, applications for registration, and renewals thereof; (g) trade secrets, know-how, inventions (whether or not patentable), discoveries, improvements, technology, business and technical information, databases, data compilations and collections, tools, methods, processes, techniques, and other confidential and proprietary information and all rights therein ("**Trade Secrets**"); (h) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; (i) rights of publicity; and (j) all other intellectual or industrial property and proprietary rights.

"**Key Personnel**" means each of the following employees of the Company: Terry Buchanan.

"**Knowledge of Seller or Sellers' Knowledge**" or any other similar knowledge qualification, means either: (i) to the actual knowledge of any Seller or of any director or officer of the Company, or (ii) to the knowledge of Liebold or Colton, including such knowledge that Liebold or Colton would have after a reasonable inquiry (including inquiry of subordinates) of the matter in question.

"**Law**" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"**Liabilities**" has the meaning set forth in Section 4.06.

"**Losses**" means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however,* that "**Losses**" shall not include punitive or special damages, except to the extent actually awarded in a Third Party Claim.

"**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise), assets, or Liabilities of the Company, or (b) the ability of Sellers or the Company to consummate the transactions contemplated hereby on a timely basis; *provided, however,* that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company operates; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; or (v) any changes in applicable Laws or accounting rules, including GAAP.

"**Material Contracts**" has the meaning set forth in Section 4.08.

"**Material Customers**" has the meaning set forth in Section 4.13(a).

"**Material Suppliers**" has the meaning set forth in Section 4.13(b).

"**Multiemployer Plan**" has the meaning set forth in Section 4.18(c).

"**Net Working Capital**" means: (a) the Current Assets of the Company, less (b) the Current Liabilities of the Company, determined as of the close of business on the Closing Date, calculated using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the example Net Working Capital set forth on Exhibit B.

"**Non-Competition and Non-Solicitation Agreements**" means those Non-Competition and Non-Solicitation Agreements to be entered into by Buyer and each Seller and Key Personnel, substantially in the form of Exhibit D.

"**Permits**" means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Personal Information**" means any information that identifies or, alone or in combination with any other information, could reasonably be used to identify, locate, or contact a natural Person, including name, street address, telephone number, email address, identification number issued by a Governmental Authority, credit card number, bank information, customer or account number, online identifier, device identifier, IP address, browsing history, search history, or other website, application, or online activity or usage data, location data, biometric data, medical or health information, or any other information that is considered "personally identifiable information," "personal information," or "personal data" under applicable Law, and all data associated with any of the foregoing that are or could reasonably be used to develop a profile or record of the activities of a natural Person across multiple websites or online services, to predict or infer the preferences, interests, or other characteristics of a natural Person, or to target advertisements or other content to a natural Person.

"**Post-Closing Tax Period**" means any taxable period beginning after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning after the Closing Date.

"**Post-Closing Taxes**" means Taxes of the Company for any Post-Closing Tax Period.

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

"**Pre-Closing Taxes**" means Taxes of the Company for any Pre-Closing Tax Period.

"**Privacy Laws**" means all applicable Laws, Governmental Orders, and binding guidance issued by any Governmental Authority concerning the privacy, security, or Processing of Personal Information (including Laws of jurisdictions where Personal Information was collected), including, as applicable, data breach notification Laws, consumer protection Laws, Laws concerning requirements for website and mobile application privacy policies and practices, Social Security number protection Laws, data security Laws, and Laws concerning email, text message, or telephone communications. Without limiting the foregoing, Privacy Laws include: the Federal Trade Commission Act, the Telephone Consumer Protection Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, the Children's Online Privacy Protection Act, the California Consumer Privacy Act of 2018, the Computer Fraud and Abuse Act, the Electronic Communications Privacy Act, the Fair Credit Reporting Act, the Fair and Accurate Credit Transaction Act, the Health Insurance Portability and Accountability Act of 1996, as amended and supplemented by the Health Information Technology for Economic and Clinical Health Act of the American Recovery and Reinvestment Act of 2009, the Gramm-Leach-Bliley Act, the Family Educational Rights and Privacy Act, the General Data Protection Regulation (Regulation (EU) 2016/679), and all other similar international, federal, state, provincial, and local Laws.

"**Processing**" means any operation performed on Personal Information, including the collection, creation, receipt, access, use, handling, compilation, analysis, monitoring, maintenance, storage, transmission, transfer, protection, disclosure, destruction, or disposal of Personal Information.

"**Purchase Price Adjustment Escrow Amount**" means $100,000.

"**Purchase Price Adjustment Escrow Fund**" has the meaning set forth in Section 2.04(a)(iv)(A).

"**Qualified Benefit Plan**" has the meaning set forth in Section 4.18(c).

"**Real Property**" means the real property owned, leased or subleased by the Company, together with all buildings, structures and facilities located thereon.

"**Release**" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

"**Remedial Action(s)**" shall mean all actions required under Environmental Law or by a Governmental Authority pursuant to its authority under Environmental Law to: (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, correct or abate (i) Hazardous Materials in the indoor or outdoor environment or (ii) violations of Environmental Law; (b) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (c) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; and (d) to address a Release.

"**Representative**" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Restricted Business**" means the business of scanning, microfilming and/or storing third party documents, data, and records.

"**Restricted Period**" has the meaning set forth in Section 5.07(a).

"**Seller**" has the meaning set forth in the preamble.

"**Seller Indemnitees**" has the meaning set forth in Section 7.03.

"**Shares**" has the meaning set forth in the recitals.

"**Straddle Period**" has the meaning set forth in Section 6.04.

"**Target Working Capital**" means $709,528.

"**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"**Tax Claim**" has the meaning set forth in Section 6.05.

"**Tax Return**" means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Territory**" means the United States.

"**Third Party Claim**" has the meaning set forth in Section 7.05(a).

"**Transaction Documents**" means the Escrow Agreement, Disclosure Schedules, and Non-Competition and Non-Solicitation Agreements.

"**Transaction Expenses**" means all fees and expenses incurred by the Company at or prior to the Closing in connection with the preparation, analysis, negotiation and execution of this Agreement and the Transaction Documents, and the performance and consummation of the transactions contemplated hereby and thereby, including, without limitation, the fees payable to Rua M&A, LLC d/b/a NuVescor.

"**WARN Act**" means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

"**Work in Process**" means all actual costs incurred by Company, including without limitation costs for parts and labor, relating to or arising out of services provided by Company in the ordinary course of conduct of the Business that have not been billed or recovered that are included on the Balance Sheet as work in process.

Filed in the Office of	Business Number
Barbara K. Cegavske	C18882-2000
	Filing Number
Secretary of State	20200514975
State Of Nevada	Filed On
	3/2/2020 8:38:00 AM
	Number of Pages
	3

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
INTELLINETICS, INC.

Entity or Nevada Business Identification Number (NVID): NV20001353736

2. Restated or Amended and Restated Articles: (Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: _____
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed: (Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following:

(Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 53%

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada: _____

Jurisdiction of formation: _____

Changes to takes the following effect:

☐ The entity name has been amended. ☐ Dissolution
☐ The purpose of the entity has been amended. ☐ Merger
☐ The authorized shares have been amended. ☐ Conversion
☐ Other: (specify changes)

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: _____ Time: _____

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☐ Other.

The articles have been amended as follows: (provide article numbers, if available)

Article II of the Company's Articles... (see below and attached)

(attach additional page(s) if necessary)

6. Signature: (Required)

X _____ CFO + TREASURER
Signature of Officer or Authorized Signer — Title

X _____
Signature of Officer or Authorized Signer — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

Article II of the Company's Articles of Incorporation, as amended, shall be amended by deletion in its entirety and replacement with the following:

The amount of the total authorized capital stock of the Corporation is 160,000,000 shares of common stock, par value $0.001 per share. Each share of common stock shall have one (1) vote. Such stock may be issued from time to time without any action by the stockholders for such consideration as may be fixed from time to time by ... (see attached Additional Page)

This form must be accompanied by appropriate fees.

Additional Page to Profit Corporation: Certificate of Amendment
(Pursuant to NRS 78.380 & 78.385/78.390)
INTELLINETICS, INC.

Article II of the Company's Articles of Incorporation, as amended, shall be amended by deletion in its entirety and replacement with the following:

> The amount of the total authorized capital stock of the Corporation is 160,000,000 shares of common stock, par value $0.001 per share. Each share of common stock shall have one (1) vote. Such stock may be issued from time to time without any action by the stockholders for such consideration as may be fixed from time to time by the Board of Directors, and shares so issued, the full consideration for which has been paid or delivered, shall be deemed the full paid up stock, and the holder of such shares shall not be liable for any further payment thereof. Said stock shall not be subject to assessment to pay the debts of the Corporation, and no paid-up stock and no stock issued as fully paid, shall ever be assessed or assessable by the Corporation.

EXHIBIT 3.2

Filed in the Office of	Business Number
Barbara K. Cegavske	C18882-2000
	Filing Number
Secretary of State	20200519488
State Of Nevada	Filed On
	3/3/2020 10:10:00 AM
	Number of Pages
	3

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
INTELLINETICS, INC.

Entity or Nevada Business Identification Number (NVID): NV20001353736

2. Restated or Amended and Restated Articles: (Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on:
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed: (Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following:

(Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 53%

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada:

Jurisdiction of formation:

Changes to takes the following effect:

☐ The entity name has been amended. ☐ Dissolution
☐ The purpose of the entity has been amended. ☐ Merger
☐ The authorized shares have been amended. ☐ Conversion
☐ Other: (specify changes)

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
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Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: 03/12/2020 Time: 5:00 pm

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☒ Other.

The articles have been amended as follows: (provide article numbers, if available)

Article II of the Company's Articles of ... (see attached Additional Page)

(attach additional page(s) if necessary)

6. Signature: (Required)

X _____ CFO + TREASURER
Signature of Officer or Authorized Signer — Title

X _____
Signature of Officer or Authorized Signer — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

Article II of the Company's Articles of Incorporation, as amended, shall be amended by deletion in its entirety and replacement with the following:

The amount of the total authorized capital stock of the Corporation is 25,000,000 shares of common stock, par value $0.001 per share. Each share of common stock shall have one (1) vote. Such stock may be issued from time to time without any action by the stockholders for such consideration ... (see attached Additional Page)

This form must be accompanied by appropriate fees.

Additional Page to Profit Corporation: Certificate of Amendment
(Pursuant to NRS 78.380 & 78.385/78.390)
INTELLINETICS, INC.

Article II of the Company's Articles of Incorporation, as amended, shall be amended by deletion in its entirety and replacement with the following:

The amount of the total authorized capital stock of the Corporation is 25,000,000 shares of common stock, par value $0.001 per share. Each share of common stock shall have one (1) vote. Such stock may be issued from time to time without any action by the stockholders for such consideration as may be fixed from time to time by the Board of Directors, and shares so issued, the full consideration for which has been paid or delivered, shall be deemed the full paid up stock, and the holder of such shares shall not be liable for any further payment thereof. Said stock shall not be subject to assessment to pay the debts of the Corporation, and no paid-up stock and no stock issued as fully paid, shall ever be assessed or assessable by the Corporation.

Effective as of 5:00 p.m., Nevada time, on the date the Amendment to these Articles of Incorporation amending this Article II is filed with the Secretary of State of the State of Nevada ("Reverse Split Effective Date"), each fifty issued and outstanding shares of Common Stock, par value $0.001 per share, of this Corporation ("Pre-Split Common Stock") shall be automatically, without further action by the holders of the Pre-Split Common Stock, converted into one share of Common Stock, par value $.001 per share, of the corporation ("Post-Reverse Split Common Stock") to give effect to a one-for-fifty reverse stock split ("Reverse Split"). From and after the Reverse Split Effective Date, each certificate representing shares of Pre-Split Common Stock shall be deemed to represent for all purposes the number of shares of Post-Reverse Split Common Stock into which the shares of Pre-Split Common Stock were converted pursuant to the Reverse Split, plus the right to receive a cash payment in lieu of any fractional share as described below.

No fractional shares of Post-Reverse Split Common Stock shall be issued in connection with the Reverse Split. In lieu thereof, each holder of record of shares of Pre-Split Common Stock who would otherwise have been entitled to receive a fractional share of Post-Reverse Split Common Stock pursuant to the Reverse Split shall, upon surrender of such holder's certificates representing shares of Pre-Split Common Stock, be entitled to receive a cash payment equal to the last sale price of the Common Stock as reported on the OTCQB on the Reverse Split Effective Date, or, if there is no reported sale on such date, the average of the last reported high and low bid prices on such date, multiplied by the fractional share, and such amount shall in no event accrue any interest. From and after the Reverse Split Effective Date, all fractional shares shall be canceled and represent only the right to receive the cash payment described in this paragraph."

AMENDMENT NO. 2
TO THE BYLAWS
OF
INTELLINETICS, INC.

This Amendment No. 2 to the Bylaws of Intellinetics, Inc., a Nevada corporation (the "Corporation"), is dated as of [February 27, 2020].

WHEREAS, Article 3.2 of the Bylaws currently sets forth procedures for notifying stockholders in the event that any action is taken in writing by a majority in interest of the outstanding stockholders; and

WHEREAS, in the judgment of the Corporation's board of directors (the "Board"), it is desirable and in the best interests of the Corporation to revise and update such procedures; and

WHEREAS, pursuant to Article 8.2 of the Bylaws, the Board may amend the Bylaws at any time, unless such amendment is specifically prohibited in the Corporation's articles of incorporation or the Bylaws or relates to shareholder quorum or voting requirements; and

WHEREAS, the proposed amendment is not subject to any of the restrictions mentioned in the foregoing paragraph;

NOW THEREFORE, the Bylaws are hereby amended as follows:

Section 2.13.2 is hereby deleted and replaced in its entirety with the following:

"2.13.2 Post-Consent Notice. Unless the written consents of all shareholders entitled to vote have been obtained, notice of any shareholder approval without a meeting shall be given at least ten (10) days following the effective date of the action authorized by such approval to (i) those shareholders entitled to vote who did not consent in writing, and (ii) those shareholders not entitled to vote. Any such notice must be accompanied by the same material that is required under the Statutes to be sent in a notice of meeting at which the proposed action would have been submitted to the shareholders for action. The foregoing notice requirement will be deemed satisfied if the information that would have been included in such notice is included in any Current Report on Form 8-K filed by the corporation with the Securities and Exchange Commission."

IN WITNESS WHEREOF, the undersigned has caused the foregoing instrument to be executed as of the day and the year first above written.

DocuSigned by:
James DeSocio
A0BB6388CBEF4D7...

By: _____
James F. DeSocio
President and Chief Executive Officer

107858\000004\4844-8004-1908v1

EXHIBIT 4.1

AMENDMENT

to

10% SUBORDINATED CONVERTIBLE NOTE
DUE DECEMBER 31, 2020

This Amendment ("Amendment") to the 10% Subordinated Convertible Notes due December 31, 2020, dated December 30, 2016, January 6, 2017, and January 31, 2017 (the "Notes") is entered into and effective as of the last date indicated below, by and between Intellinetics, Inc., a Nevada corporation (the "Company") and the holders of the Notes (the "Holders").

WHEREAS, Company and the Holders entered into the Notes, effective December 30, 2016, January 6, 2017, and January 31, 2017;

WHEREAS, the Notes may be amended in accordance with Section 9.e of the Notes by a written instrument signed by the Company and the holders of at least 60% in principal amount of the then outstanding Notes (the "Required Holders");

WHEREAS, the Company is currently offering a private placement of securities (the "Offering") in connection with a proposed acquisition of Graphic Sciences, Inc. (the "GSI Acquisition"), pursuant to a Private Placement Memorandum, a copy of which has been provided to each of the Required Holders;

WHEREAS, the Company is anticipating effectuating a 1-for-50 reverse split of its shares of common stock ("Reverse Split"), immediately prior to (a) the GSI Acquisition, (b) the first closing of the Offering, and (c) the effectiveness of this Amendment and amendments to all other outstanding principal and accrued interest on any convertible notes issued by the Company.

WHEREAS, the Company and the Required Holders desire to amend the Notes to permit the Company to convert the Notes into shares of the Company's common stock at $4.00 per share on post-Reverse Split basis.

NOW THEREFORE, the parties agree as follows:

1. Section 4(d), Beneficial Ownership Limitation, is hereby deleted in its entirety.

2. The following shall be added to the end of Section 6, Forced Conversion.

> Notwithstanding anything herein to the contrary, if after the Effective Date, the Company offers its shares of Common Stock to investors in any private placement of securities (the "Offering"), the Company may deliver a Forced Conversion Notice to cause the Holder to convert all of the then outstanding principal amount of this Note plus accrued but unpaid interest, and any other amounts owing to the Holder under this Note into shares of Common Stock at the Offering Price ("Offering Forced Conversion"), it being agreed that the "Conversion Date" for purposes of Section 4 shall be deemed to occur on the day of closing, in part or in full, of the Offering, with notice provided to the Holders promptly thereafter. Conversion Shares issued hereunder shall be restricted from resale until the Company has filed a Registration Statement therefore, and such Registration Statement is declared effective by the Securities and Exchange Commission. The Company shall use best efforts to file such Registration Statement within forty-five (45) days following the Conversion Date, and to secure an effective date within one hundred thirty-five (135) days following the Conversion Date.

3. Except as set forth herein, the terms of the Notes shall remain in full force and effect.

4. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Notes.

5. This Amendment shall not be effective unless and until the simultaneous completion, or completion immediately following or immediately prior to the following events:

a. The Company effects the Reverse Split,
b. The Company enters into a substantially similar amendment of all other outstanding convertible promissory notes issued by the Company, and the Company completes a similar conversion of all such other notes.
c. The Company closes, in full or in part, the Offering, and
d. The Company consummates the GSI Acquisition.

6. This Amendment may be signed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of the last signature of a Required Holder hereto.

REQUIRED HOLDER

Required Holder Name: _____

Signature: ____/s/ Required Holders_____

Name of Authorized Signatory, if Entity: _____

Title of Authorized Signatory, if Entity: _____

Name, if Joint: _____

Signature, if Joint Individuals: _____

Date: _____

INTELLINETICS, INC.

By: */s/James F. DeSocio*
Name: James F. DeSocio
Title: President and CEO

EXHIBIT 4.2

AMENDMENT

to

8% SECURED CONVERTIBLE NOTE
DUE DECEMBER 31, 2020

This Amendment ("Amendment") to the 8% Secured Convertible Notes due December 31, 2020, dated November 17, 2017 and November 29, 2017 (the "Notes") is entered into and effective as of the last date indicated below, by and between Intellinetics, Inc., a Nevada corporation (the "Company") and the holders of the Notes (the "Holders").

WHEREAS, Company and the Holders entered into the Notes, effective November 17, 2017, and November 29, 2017; and

WHEREAS, the Notes may be amended in accordance with Section 9.e of the Notes by a written instrument signed by the Company and the holders of at least 51% in principal amount of the then outstanding Notes (the "Required Holders");

WHEREAS, the Company is currently offering a private placement of securities (the "Offering") in connection with a proposed acquisition of Graphic Sciences, Inc. (the "GSI Acquisition"), pursuant to a Private Placement Memorandum, a copy of which has been provided to each of the Required Holders;

WHEREAS, the Company is anticipating effectuating a 1-for-50 reverse split of its shares of common stock ("Reverse Split"), immediately prior to (a) the GSI Acquisition, (b) the first closing of the Offering, and (c) the effectiveness of this Amendment and amendments to all other outstanding principal and accrued interest on any convertible notes issued by the Company.

WHEREAS, the Company and the Required Holders desire to amend the Notes to permit the Company to convert the Notes into shares of the Company's common stock at $4.00 per share on post-Reverse Split basis.

NOW THEREFORE, the parties agree as follows:

1. Section 4(d), Beneficial Ownership Limitation, is hereby deleted in its entirety.

2. The following shall be added to the end of Section 6, Forced Conversion.

Notwithstanding anything herein to the contrary, if after the Effective Date, the Company offers its shares of Common Stock to investors in any private placement of securities (the "Offering"), the Company may deliver a Forced Conversion Notice to cause the Holder to convert all of the then outstanding principal amount of this Note plus accrued but unpaid interest, and any other amounts owing to the Holder under this Note into shares of Common Stock at the Offering Price ("Offering Forced Conversion"), it being agreed that the "Conversion Date" for purposes of Section 4 shall be deemed to occur on the day of closing, in part or in full, of the Offering, with notice provided to the Holders promptly thereafter. Conversion Shares issued hereunder shall be restricted from resale until the Company has filed a Registration Statement therefore, and such Registration Statement is declared effective by the Securities and Exchange Commission. The Company shall use best efforts to file such Registration Statement within forty-five (45) days following the Conversion Date, and to secure an effective date within one hundred thirty-five (135) days following the Conversion Date.

3. Except as set forth herein, the terms of the Notes shall remain in full force and effect.

4. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Notes.

5. This Amendment shall not be effective unless and until the simultaneous completion, or completion immediately following or immediately prior to the following events:

a. The Company effects the Reverse Split,
b. The Company enters into a substantially similar amendment of all other outstanding convertible promissory notes issued by the Company, and the Company completes a similar conversion of all such other notes.
c. The Company closes, in full or in part, the Offering, and
d. The Company consummates the GSI Acquisition.

6. This Amendment may be signed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of the last signature of a Required Holder hereto.

REQUIRED HOLDER

Required Holder Name: _____

Signature: _____/s/Required Holders_____

Name of Authorized Signatory, if Entity: _____

Title of Authorized Signatory, if Entity: _____

Name, if Joint: _____

Signature, if Joint Individuals: _____

Date: _____

INTELLINETICS, INC.

By: */s/ James F. DeSocio*
Name: James F. DeSocio
Title: President and CEO

EXHIBIT 4.3

AMENDMENT

to

8% SUBORDINATED CONVERTIBLE NOTE
DUE DECEMBER 31, 2020

This Amendment ("Amendment") to the 8% Subordinated Convertible Notes due December 31, 2020, dated September 20, 2018, and September 26, 2018 (the "Notes") is entered into and effective as of the last date indicated below, by and between Intellinetics, Inc., a Nevada corporation (the "Company") and the holders of the Notes (the "Holders").

WHEREAS, Company and the Holders entered into the Notes, effective dated September 20, 2018, and September 26, 2018;

WHEREAS, the Notes may be amended in accordance with Section 9.e of the Notes by a written instrument signed by the Company and the holders of at least 51% in principal amount of the then outstanding Notes (the "Required Holders");

WHEREAS, the Company is currently offering a private placement of securities (the "Offering") in connection with a proposed acquisition of Graphic Sciences, Inc. (the "GSI Acquisition"), pursuant to a Private Placement Memorandum, a copy of which has been provided to each of the Required Holders;

WHEREAS, the Company is anticipating effectuating a 1-for-50 reverse split of its shares of common stock ("Reverse Split"), immediately prior to (a) the GSI Acquisition, (b) the first closing of the Offering, and (c) the effectiveness of this Amendment and amendments to all other outstanding principal and accrued interest on any convertible notes issued by the Company.

WHEREAS, the Company and the Required Holders desire to amend the Notes to permit the Company to convert the Notes into shares of the Company's common stock at $4.00 per share on post-Reverse Split basis.

NOW THEREFORE, the parties agree as follows:

1. Section 4(d), Beneficial Ownership Limitation, is hereby deleted in its entirety.

2. The following shall be added to the end of Section 6, Forced Conversion.

> Notwithstanding anything herein to the contrary, if after the Effective Date, the Company offers its shares of Common Stock to investors in any private placement of securities (the "Offering"), the Company may deliver a Forced Conversion Notice to cause the Holder to convert all of the then outstanding principal amount of this Note plus accrued but unpaid interest, and any other amounts owing to the Holder under this Note into shares of Common Stock at the Offering Price ("Offering Forced Conversion"), it being agreed that the "Conversion Date" for purposes of Section 4 shall be deemed to occur on the day of closing, in part or in full, of the Offering, with notice provided to the Holders promptly thereafter. Conversion Shares issued hereunder shall be restricted from resale until the Company has filed a Registration Statement therefore, and such Registration Statement is declared effective by the Securities and Exchange Commission. The Company shall use best efforts to file such Registration Statement within forty-five (45) days following the Conversion Date, and to secure an effective date within one hundred thirty-five (135) days following the Conversion Date.

3. Except as set forth herein, the terms of the Notes shall remain in full force and effect.

4. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Notes.

5. This Amendment shall not be effective unless and until the simultaneous completion, or completion immediately following or immediately prior to the following events:

a. The Company effects the Reverse Split,
b. The Company enters into a substantially similar amendment of all other outstanding convertible promissory notes issued by the Company, and the Company completes a similar conversion of all such other notes.
c. The Company closes, in full or in part, the Offering, and
d. The Company consummates the GSI Acquisition.

6. This Amendment may be signed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of the last signature of a Required Holder hereto.

REQUIRED HOLDER

Required Holder Name: _____

Signature: _____/s/ Required Holders_____

Name of Authorized Signatory, if Entity: _____

Title of Authorized Signatory, if Entity: _____

Name, if Joint: _____

Signature, if Joint Individuals: _____

Date: _____

INTELLINETICS, INC.

By: */s/ James F. DeSocio*
Name: James F. DeSocio
Title: President and CEO

EXHIBIT 4.4

PLACEMENT AGENT WARRANT

INTELLINETICS, INC.

Warrant No. PA4-[00__]

WARRANT TO PURCHASE COMMON STOCK

VOID AFTER 5:00 P.M., EASTERN TIME,
ON THE EXPIRATION DATE

THIS WARRANT AND ANY SHARES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, HYPOTHECATED, DONATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION FROM SUCH REGISTRATION.

FOR VALUE RECEIVED, **Intellinetics, Inc.,** a Nevada corporation (the "***Company***"), hereby agrees to sell upon the terms and on the conditions hereinafter set forth, at any time commencing on the date hereof but no later than 5:00 p.m., Eastern Time, on [February 28, 2025] (the "***Expiration Date***"), to _____, or its registered assigns (the "***Holder***"), under the terms as hereinafter set forth, [_____ (_____)] fully paid and non-assessable shares of the Company's Common Stock, par value $0.001 per share **(**the "***Common Stock***"), at a purchase price per share of Four U.S. dollars ($4.00) (the "***Warrant Price***"), pursuant to the terms and conditions set forth in this warrant (this "***Warrant***"). The number of shares of Common Stock issued upon exercise of this Warrant ("***Warrant Shares***") and the Warrant Price are subject to adjustment in certain events as hereinafter set forth.

1. Exercise of Warrant.

(a) The Holder may exercise this Warrant at any time after issuance according to the terms and conditions set forth herein by delivering to the Company, at the address of the Company set forth in Section 10 prior to 5:00 p.m., Eastern Time, at any time prior to the Expiration Date (such date of exercise, the "***Exercise Date***") (i) this Warrant, (ii) the Subscription Form attached hereto as Exhibit A (the "***Subscription Form***") (having then been duly executed by the Holder), (iii) unless the Warrant is being exercised pursuant to a Cashless Exercise (as defined below), cash, a certified check or a bank draft in payment of the purchase price, in lawful money of the United States of America, for the number of Warrant Shares specified in the Subscription Form.

(b) This Warrant may be exercised in whole or in part so long as any exercise in part hereof would not involve the issuance of fractional Warrant Shares. If exercised in part, the Company shall deliver to the Holder a new Warrant, identical in form to this Warrant, in the name of the Holder, evidencing the right to purchase the number of Warrant Shares as to which this Warrant has not been exercised, which new Warrant shall be signed by the President or Chief Executive Officer of the Company. The term Warrant as used herein shall include any subsequent Warrant issued as provided herein.

(c) Notwithstanding any provisions herein to the contrary, in lieu of exercising this Warrant in the manner set forth in Section 1(a), the Holder may elect to exercise this Warrant, or a portion hereof, and to pay for the Warrant Shares by way of cashless exercise (a " ***Cashless Exercise***"). If the Holder wishes to effect a Cashless Exercise, the Holder shall deliver a notice indicating Holder's desire to effect a Cashless Exercise duly executed by such Holder or by such Holder's duly authorized attorney, at the principal office of the Company, or at such other office or agency as the Company may designate in writing prior to the date of such exercise, in which event the Company shall issue to the registered Holder the number of Warrant Shares computed according to the following equation:

$$X = \frac{Y * (A - B)}{A}$$

; where

X = the number of Warrant Shares to be issued to the registered Holder.

Y = the Warrant Shares purchasable under this Warrant or, if only a portion of the Warrant is being exercised, the portion of the Warrant Shares being exercised.

A = the Fair Market Value (defined below) of one share of Common Stock on the Exercise Date.

B = the Exercise Price (as adjusted pursuant to the provisions of this Warrant).

For purposes of this Section 1(c), the "Fair Market Value" of one share of Common Stock on the Exercise Date shall have one of the following meanings:

(1) if the Common Stock is traded on a national securities exchange, the Fair Market Value shall be deemed to be the Closing Price on the trading day preceding the Exercise Date. For the purposes of this Warrant, "Closing Price" means the closing sale price of one share of Common Stock, as reported by Bloomberg; or

(2) if the Common Stock is traded over-the-counter, the Fair Market Value shall be deemed to be the Closing Price on the trading day immediately preceding the Exercise Date; or

(3) if neither (1) nor (2) is applicable, the Fair Market Value shall be at the commercially reasonable price per share which the Company could obtain on the Exercise Date from a willing buyer (not a current employee or director) for shares of Common Stock sold by the Company, from authorized but unissued shares, as determined in good faith by the Company's Board of Directors.

For illustration purposes only, if this Warrant entitles the Holder the right to purchase 100,000 Warrant Shares and the Holder were to exercise this Warrant for 50,000 Warrant Shares at a time when the Exercise Price per share was $1.00 and the Fair Market Value of each share of Common Stock was $2.00 on the Exercise Date, as applicable, the cashless exercise calculation would be as follows:

$$X = \frac{50{,}000\ (\$2.00-\$1.00)}{2.00}$$

X = 25,000

Therefore, the number of Warrant Shares to be issued to the Holder after giving effect to the Cashless Exercise would be 25,000 Warrant Shares and the Company would issue the Holder a new Warrant to purchase 50,000 Warrant Shares, reflecting the portion of this Warrant not exercised by the Holder. For purposes of Rule 144 promulgated under the Securities Act of 1933, as amended (the "***Securities Act***"), it is intended, understood and acknowledged that the Warrant Shares issued in the cashless exercise transaction described pursuant to Section 1(c) shall be deemed to have been acquired by the Holder, and the holding period for the shares of Warrant Shares shall be deemed to have commenced, on the date of the Holder's acquisition of the Warrant.

(d) No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon the exercise of this Warrant. The Company shall pay cash in lieu of such fractional Warrant Shares. The price of a fractional Warrant Share shall equal the product of (i) the Closing Price of the Common Stock on the exchange or market on which the Common Stock is then traded (if the Common Stock is not then publicly traded, then upon the fair market value per share of the Common Stock (as determined by the Company's Board of Directors)), and (ii) the applicable fraction.

(e) In the event of any exercise of the rights represented by this Warrant, a certificate or certificates for Warrant Shares so purchased, registered in the name of the Holder on the stock transfer books of the Company, shall be delivered to the Holder within a reasonable time after such rights shall have been so exercised. The person or entity in whose name any certificate for Warrant Shares is issued upon exercise of the rights represented by this Warrant shall for all purposes be deemed to have become the holder of record of such Warrant Shares immediately prior to the close of business on the date on which the Warrant was surrendered and payment of the Warrant Price and any applicable taxes was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the opening of business on the next succeeding date on which the Company's stock transfer books are open. Except as provided in Section 4 hereof, the Company shall pay any and all documentary stamp or similar issue payable in respect of the issue or delivery of Warrant Shares on exercise of this Warrant.

(f) The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

2. Disposition of Warrant Shares and Warrant.

(a) The Holder hereby acknowledges that: (i) this Warrant and any Warrant Shares purchased pursuant hereto are not being registered (A) under the Securities Act on the ground that the issuance of this Warrant is exempt from registration under Section 4(a)(2) of the Securities Act as not involving any public offering, or (B) under any applicable state securities law because the issuance of this Warrant does not involve any public offering; and (ii) that the Company's reliance on the registration exemption under Section 4(a)(2) of the Securities Act and under applicable state securities laws is predicated in part on the representations hereby made to the Company by the Holder. The Holder represents and warrants that he, she or it is acquiring this Warrant and will acquire Warrant Shares for investment for his, her or its own account, with no present intention of dividing his, her or its participation with others or reselling or otherwise distributing this Warrant or Warrant Shares.

(b) The Holder hereby agrees that he, she or it will not sell, transfer, pledge or otherwise dispose of (collectively, "***Transfer***") all or any part of this Warrant and/or Warrant Shares unless and until he, she or it shall have first given notice to the Company describing such Transfer and furnished to the Company (i) a statement from the transferee, whereby the transferee represents and warrants that he, she, or it is acquiring this Warrant and will acquire Warrant Shares, as applicable, for investment for his, her or its own account, with no present intention of dividing his, her or its participation with others or reselling or otherwise distributing this Warrant or Warrant Shares, as applicable, and either (ii) an opinion, reasonably satisfactory to counsel for the Company, of counsel (competent in securities matters, selected by the Holder and reasonably satisfactory to the Company) to the effect that the proposed Transfer may be made without registration under the Securities Act and without registration or qualification under any state law, or (iii) an interpretative letter from the U.S. Securities and Exchange Commission to the effect that no enforcement action will be recommended if the proposed sale or transfer is made without registration under the Act.

(c) If, at the time of issuance of Warrant Shares, no registration statement is in effect with respect to such shares under applicable provisions of the Act, the Company may, at its election, require that (i) the Holder provide written reconfirmation of the Holder's investment intent to the Company, and (ii) any stock certificate evidencing Warrant Shares shall bear legends reading substantially as follows:

> "THE SALE, TRANSFER, PLEDGE OR OTHER DISPOSITION OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THE WARRANT PURSUANT TO WHICH THESE SHARES WERE PURCHASED FROM THE COMPANY. COPIES OF SUCH RESTRICTIONS ARE ON FILE AT THE PRINCIPAL OFFICES OF THE COMPANY. NO TRANSFER OF SUCH SHARES OR OF THIS CERTIFICATE (OR OF ANY SHARES OR OTHER SECURITIES (OR CERTIFICATES THEREFOR) ISSUED IN EXCHANGE FOR OR IN RESPECT OF SUCH SHARES) SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS SET FORTH IN THE WARRANT HAVE BEEN COMPLIED WITH."

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THIS CERTIFICATE THAT REGISTRATION IS NOT REQUIRED UNDER THE ACT."

In addition, so long as the foregoing legend may remain on any stock certificate evidencing Warrant Shares, the Company may maintain appropriate "stop transfer" orders with respect to such certificates and the shares represented thereby on its books and records and with those to whom it may delegate registrar and transfer functions.

3. Reservation of Shares. The Company hereby agrees that at all times there shall be reserved for issuance upon the exercise of this Warrant such number of shares of the Common Stock as shall be required for issuance upon exercise of this Warrant. The Company further agrees that all Warrant Shares will be duly authorized and will, upon issuance and payment of the exercise price therefor, be validly issued, fully paid and non-assessable, free from all taxes, liens, charges and encumbrances with respect to the issuance thereof other than taxes, if any, in respect of any transfer occurring contemporaneously with such issuance and other than transfer restrictions imposed by federal and state securities laws.

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate or articles of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant. Without limiting the generality of the foregoing, the Company will (a) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (b) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant, and (c) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

4. Exchange, Transfer or Assignment of Warrant. Subject to Section 2, this Warrant is exchangeable, without expense, at the option of the Holder, upon presentation and surrender hereof to the Company or at the office of its stock transfer agent, if any, for other Warrants of the Company ("***Warrants***") of different denominations, entitling the Holder or Holders thereof to purchase in the aggregate the same number of Warrant Shares purchasable hereunder. Subject to Section 2, upon surrender of this Warrant to the Company or at the office of its stock transfer agent, if any, together with (a) the Assignment Form attached hereto as Exhibit B (the "***Assignment Form***") duly executed, (b) an opinion of counsel to the Holder (if required by the Company), in a form reasonably acceptable to the Company, that registration under the Securities Act is not required, and (c) funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant in the name of the assignee named in the Assignment Form and this Warrant shall promptly be canceled. Subject to Section 2, this Warrant may be divided or combined with other Warrants that carry the same rights upon presentation hereof at the office of the Company or at the office of its stock transfer agent, if any, together with a written notice specifying the names and denominations in which new Warrants are to be issued and signed by the Holder hereof.

5. Capital Adjustments. This Warrant is subject to the following further provisions:

(a) Recapitalization, Reclassification and Succession. If any recapitalization of the Company or reclassification of its Common Stock or any merger or consolidation of the Company into or with a corporation or other business entity, or the sale or transfer of all or substantially all of the Company's assets or of any successor corporation's assets to any other corporation or business entity (any such corporation or other business entity being included within the meaning of the term "successor corporation") shall be effected, at any time while this Warrant remains outstanding and unexpired, then, as a condition of such recapitalization, reclassification, merger, consolidation, sale or transfer, lawful and adequate provision shall be made whereby the Holder of this Warrant thereafter shall have the right to receive upon the exercise hereof as provided in Section 1 and in lieu of the Warrant Shares immediately theretofore issuable upon the exercise of this Warrant, such shares of capital stock, securities or other property as may be issued or payable with respect to or in exchange for the number of outstanding shares of Common Stock equal to the number of Warrant Shares immediately theretofore issuable upon the exercise of this Warrant had such recapitalization, reclassification, merger, consolidation, sale or transfer not taken place, and in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation.

(b) Subdivision or Combination of Shares. If the Company at any time while this Warrant remains outstanding and unexpired shall subdivide or combine its Common Stock, the number of Warrant Shares purchasable upon exercise of this Warrant shall be proportionately adjusted.

(c) Stock Dividends and Distributions. If the Company at any time while this Warrant is outstanding and unexpired shall issue or pay the holders of its Common Stock, or take a record of the holders of its Common Stock for the purpose of entitling them to receive, a dividend payable in, or other distribution of, Common Stock, then the number of Warrant Shares purchasable upon exercise of this Warrant shall be adjusted to the number of shares of Common Stock that Holder would have owned immediately following such action had this Warrant been exercised immediately prior thereto.

(d) Price Adjustments. Whenever the number of Warrant Shares purchasable upon exercise of this Warrant is adjusted pursuant to Sections 5(b), 5(c) or 5(d), the then applicable Warrant Price shall be proportionately adjusted.

(e) Certain Shares Excluded. The number of shares of Common Stock outstanding at any given time for purposes of the adjustments set forth in this Section 5 shall exclude any shares then directly or indirectly held in the treasury of the Company.

(f) Deferral and Cumulation of De Minimis Adjustments. The Company shall not be required to make any adjustment pursuant to this Section 5 if the amount of such adjustment would be less than one percent (1%) of the Warrant Price in effect immediately before the event that would otherwise have given rise to such adjustment. In such case, however, any adjustment that would otherwise have been required to be made shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment or adjustments so carried forward, shall amount to not less than one percent (1%) of the Warrant Price in effect immediately before the event giving rise to such next subsequent adjustment. All calculations under this Section 5 shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be, but in no event shall the Company be obligated to issue fractional Warrant Shares or fractional portions of any securities upon the exercise of the Warrant.

(g) Duration of Adjustment. Following each computation or readjustment as provided in this Section 5, the new adjusted Warrant Price and number of Warrant Shares purchasable upon exercise of this Warrant shall remain in effect until a further computation or readjustment thereof is required.

(h) Notwithstanding any other provision, the Company shall have the right to increase the number of authorized shares and outstanding shares without the Holder receiving any additional Warrant or Warrant Shares as a result thereof.

6. Notice to Holders.

(a) Notice of Record Date. In case:

(i) the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant) for the purpose of entitling them to receive any dividend (other than a cash dividend payable out of earned surplus of the Company) or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right;

(ii) of any capital reorganization of the Company, any reclassification of the capital stock of the Company, any consolidation with or merger of the Company into another corporation, or any conveyance of all or substantially all of the assets of the Company to another corporation; or

(iii) of any voluntary dissolution, liquidation or winding-up of the Company;

then, and in each such case, the Company will mail or cause to be mailed to the Holder hereof at the time outstanding a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up is to take place, and the time, if any, is to be fixed, as of which the holders of record of Common Stock (or such stock or securities at the time receivable upon the exercise of this Warrant) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution or winding-up. Such notice shall be mailed at least ten (10) calendar days prior to the record date therein specified, or if no record date shall have been specified therein, at least ten (10) days prior to such specified date.

(b) Certificate of Adjustment. Whenever any adjustment shall be made pursuant to Section 5 hereof, the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the Warrant Price and number of Warrant Shares purchasable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be mailed (by first class mail, postage prepaid) to the Holder of this Warrant.

7. Loss, Theft, Destruction or Mutilation. Upon receipt by the Company of evidence satisfactory to it, in the exercise of its reasonable discretion, of the ownership and the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of indemnity reasonably satisfactory to the Company and, in the case of mutilation, upon surrender and cancellation thereof, the Company will execute and deliver in lieu thereof, without expense to the Holder, a new Warrant of like tenor dated the date hereof.

8. Warrant Holder Not a Stockholder. The Holder of this Warrant, as such, shall not be entitled by reason of this Warrant to any rights whatsoever as a stockholder of the Company, including but not limited to voting rights. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

9. Registration Rights. The Warrant Shares are entitled to the registration rights pursuant to the Registration Rights Agreement, dated [February 28], 2020, by and among the Company and the purchaser signatories thereto.

10. Notices. Any notice provided for in this Warrant must be in writing and must be either personally delivered, mailed by first class mail (postage prepaid and return receipt requested), or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated:

If to the Company:

Intellinetics, Inc.
2190 Dividend Drive,
Columbus, OH 43228
Attention: James F. DeSocio
President and Chief Executive Officer

If to the Holder:

To the address of such Holder set forth on the books and records of the Company.

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Warrant will be deemed to have been given (a) if personally delivered, upon such delivery, (b) if mailed, five days after deposit in the U.S. mail, or (c) if sent by reputable overnight courier service, one business day after such service acknowledges receipt of the notice.

11. Choice of Law. THIS WARRANT IS ISSUED UNDER AND SHALL FOR ALL PURPOSES BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW RULES.

12. Submission to Jurisdiction. EACH OF THE HOLDER AND THE COMPANY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF FRANKLIN, STATE OF OHIO, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS WARRANT AND AGREES THAT ALL CLAIMS IN RESPECT OF THE ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT. EACH OF THE HOLDER AND THE COMPANY ALSO AGREE NOT TO BRING ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS WARRANT IN ANY OTHER COURT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY BOND, SURETY, OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO.

13. Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "***Warrant Register***"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

14. Miscellaneous.

(a) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

(b) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

(c) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

(d) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

[signature page follows]

IN WITNESS WHEREOF, the Company has duly caused this Warrant to be signed on its behalf, in its corporate name and by a duly authorized officer, as of this 2nd day of March, 2020.

INETLLINETICS, INC.

By: _____

James F. DeSocio
President and Chief Executive Officer

EXHIBIT A

SUBSCRIPTION FORM

Intellinetics, Inc.
2190 Dividend Drive,
Columbus, OH 43228
Attention: President and Chief Executive Officer

1) The undersigned hereby elects to purchase _____ Warrant Shares of Intellinetics, Inc., a Nevada corporation, pursuant to the terms of the attached Warrant to Purchase Common Stock, and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States;

[ ] the cancellation of _____ Warrant Shares in order to exercise this Warrant with respect to _____ Warrant Shares (using a Fair Market Value of $_____ for this calculation), in accordance with the formula and procedure set forth in Section 1(c) of the Warrant; or

[ ] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula and procedure set forth in Section 1(c) of the Warrant, to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to a Cashless Exercise.

3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number, if permitted, or by physical delivery of a certificate to:

_____

_____

_____

4) If such number of Warrant Shares shall not be all the shares receivable upon exercise of the attached Warrant, the undersigned requests that a new Warrant for the balance of the shares covered by the attached Warrant be registered in the name of, and delivered to:

_____

_____

_____

5) In lieu of receipt of a fractional share of Common Stock, the undersigned will receive a check representing payment therefor.

Dated: _____

_____
PRINT WARRANT HOLDER NAME

Name: _____
Title:

Witness:

_____

EXHIBIT B

ASSIGNMENT FORM

Intellinetics, Inc.
2190 Dividend Drive,
Columbus, OH 43228
Attention: President and Chief Executive Officer

FOR VALUE RECEIVED,_____ hereby sells, assigns and transfers unto

(Please print assignee's name, address and Social Security/Tax Identification Number)

_____

_____

_____

the right to purchase shares of common stock, par value $0.001 per share, of Intellinetics, Inc., a Nevada corporation (the**"*Company*"**), represented by this Warrant to the extent of shares as to which such right is exercisable and does hereby irrevocably constitute and appoint _____, Attorney, to transfer the same on the books of the Company with full power of substitution in the premises.

Dated: _____

_____
PRINT WARRANT HOLDER NAME

Name: _____
Title:

Witness:

_____

EXHIBIT 10.1

INTELLINETICS, INC.

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement") is made and entered into as of March 2, 2020, by and between **Intellinetics, Inc.**, a Nevada corporation (the "Company"), and the investors set forth on the signature pages affixed hereto (each, an "Investor" and, collectively, the "Investors").

RECITALS

The Company is offering (the "Offering") pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and Rule 506(b) promulgated thereunder, an aggregate of (i) up to 43,750,000 shares ("Shares") of the Company's common stock, par value $0.001 per share ("the "Common Stock"), at the price of $0.08 per Share and (ii) up to 2,000 units ("Units"), with each Unit consisting of $1,000 in principal amount of 12% subordinated promissory notes, in the form attached hereto as Exhibit B ("Notes") and 2,000 shares of Common Stock ("Unit Shares"). The Shares, Units, Notes, and Unit Shares are referred to herein as the "Securities."

The Investors, severally and not jointly, desire to purchase, the Company is willing to sell to each Investor, upon the terms and conditions stated in this Agreement and in a Private Placement Memorandum circulated to each Investor, the Securities designated on the signature page hereof and as more fully described in this Agreement.

AGREEMENT

In consideration of the mutual terms, conditions and other agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree to the sale and purchase of the Securities as set forth herein.

1. Definitions.

For purposes of this Agreement, the terms set forth below shall have the corresponding meanings provided below.

"Affiliate" shall mean, with respect to any specified Person (as defined below), (i) if such Person is an individual, the spouse, heirs, executors, or legal representatives of such individual, or any trusts for the benefit of such individual or such individual's spouse and/or lineal descendants, or (ii) otherwise, another Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Person specified. As used in this definition, "control" shall mean the possession, directly or indirectly, of the sole and unilateral power to cause the direction of the management and policies of a Person, whether through the ownership of voting securities or by contract or other written instrument.

"Blue Sky Application" as defined in Section 5.5(a) hereof.

"Business Day" shall mean any day on which banks located in New York City are not required or authorized by law to remain closed.

"Closing" and "Closing Date" as defined in Section 2.2 (c) hereof.

"Common Stock" as defined in the recitals above.

"Company" as defined in the preamble above.

"Company Financial Statements" as defined in Section 4.5(a) hereof.

"Company's Knowledge" means the actual knowledge of any executive officer (as defined in Rule 405 under the Securities Act) or director of the Company, or the knowledge of any fact or matter which any person would reasonably be expected to become aware of in the course of performing the duties and responsibilities as an executive officer or director of the Company.

"Escrow Agreement" means that certain agreement, dated February 4, 2020, by and among the Company, the Placement Agent, and Delaware Trust Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"First Closing" and "First Closing Date" as defined in Section 2.2(a) hereof.

"Investor" and "Investors" as defined in the preamble above.

"Liens" means any mortgage, lien, title claim, assignment, encumbrance, security interest, adverse claim, contract of sale, restriction on use or transfer or other defect of title of any kind.

"Material Adverse Effect" means a material adverse effect on (i) the assets, liabilities, results of operations, condition (financial or otherwise), business, or prospects of the Company and its Subsidiaries taken as a whole, (ii) the transactions contemplated hereby or in any of the Transaction Documents or (iii) the ability of the Company to perform its obligations under the Transaction Documents (as defined below).

"Notes" as defined in the recitals above.

"Offering" as defined in the recitals above.

"PA Warrant Shares " shall mean any shares issuable upon exercise of warrants issued to the Placement Agent as compensation in connection with the transactions contemplated hereby.

"Person" shall mean an individual, entity, corporation, partnership, association, limited liability company, limited liability partnership, joint-stock company, trust or unincorporated organization.

"Piggyback Registration" as defined in Section 5.1 hereof.

"Placement Agency Agreement" means that certain agreement, dated January 24, 2020, by and between the Placement Agent and the Company.

"Placement Agent" means Taglich Brothers, Inc.

"Principal Amount" as defined in Section 2.3.

"Private Placement Memorandum" means the Company's Private Placement Memorandum dated January 24, 2020, and any amendments or supplements thereto.

"Purchase Price" shall mean (i) for Shares, $0.08 per Share, and (ii) for Units, $1,000 per Unit.

"Registrable Securities" shall mean the (i) Shares, (ii) the Unit Shares, and (iii) PA Warrant Shares; provided, that a security shall cease to be a Registrable Security upon (A) sale pursuant to a Registration Statement or Rule 144 under the Securities Act, or (B) such security becoming eligible for sale without any restriction pursuant to Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable).

"Registration Rights Agreement" means that certain registration rights agreement, dated March 2, 2020, by and among the Company and the Investors.

"Registration Statement" shall mean any registration statement of the Company filed under the Securities Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all material incorporated by reference in such Registration Statement.

"Regulation D" as defined in Section 3.7 hereof.

"Regulation S" as defined in Section 6.1(i)(E) hereof.

"Rule 144" as defined in Section 6.1(i)(C) hereof.

"SEC" means the U.S. Securities and Exchange Commission.

"SEC Documents" as defined in Section 4.5 hereof.

"Securities" as defined in the recitals above.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" as defined in the recitals above.

"Subsequent Closing" and "Subsequent Closing Date" as defined in Section 2.2(b) hereof.

"Subsidiaries" shall mean any corporation or other entity or organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest or otherwise controls through contract or otherwise.

"Transaction Documents" shall mean this Agreement, the Private Placement Memorandum, the Registration Rights Agreement, the Placement Agency Agreement, the Notes, and the Escrow Agreement.

"Transfer" shall mean any sale, transfer, assignment, conveyance, charge, pledge, mortgage, encumbrance, hypothecation, security interest or other disposition, or to make or effect any of the above.

"Underwriter" shall mean any entity engaged by the Company to serve as an underwriter in connection with a registration or offering of securities referred to in Section 5.

"Unit" as defined in the recitals above.

"Unit Share" as defined in the recitals above.

2. Sale and Purchase of Securities.

2.1. Purchase of Shares and/or Units by Investors. Subject to the terms and conditions of this Agreement, on the Closing Date (as hereinafter defined) each of the Investors shall severally, and not jointly, purchase, and the Company shall sell and issue to the Investors, the Securities, in the respective amounts set forth on the signature pages attached hereto in exchange for the Purchase Price. Each Investor may purchase Shares or Units, or both, subject to acceptance by the Company at its sole discretion.

2.2 Closings.

(a) First Closing. Subject to the terms and conditions set forth in this Agreement, the Company shall issue and sell to each Investor, and each Investor shall, severally and not jointly, purchase from the Company on the First Closing Date, such number of Securities set forth on the signature pages attached hereto, which will be reflected opposite such Investor's name on Exhibit A-1 (the "First Closing"). The date of the First Closing is hereinafter referred to as the "First Closing Date."

(b) Subsequent Closing(s). The Company agrees to issue and sell to each Investor listed on the Subsequent Closing Schedule of Investors, and each Investor agrees, severally and not jointly, to purchase from the Company on such Subsequent Closing Date such number of Securities set forth on the signature pages attached hereto, which will be reflected opposite such Investor's name on Exhibit A-2 (a "Subsequent Closing"). There may be more than one Subsequent Closing;provided, however, that the final Subsequent Closing shall take place within the time periods set forth in the Private Placement Memorandum. The date of any Subsequent Closing is hereinafter referred to as a "Subsequent Closing Date." Notwithstanding the foregoing, the maximum number of Securities to be sold at the First Closing and all Subsequent Closings in the aggregate shall not exceed (i) 43,750,000 Shares (in exchange for $3,500,000 in Purchase Price) and (ii) 2,000 Units (in exchange for $2,000,000 in Purchase Price).

(c) Closing. The First Closing and any applicable Subsequent Closings are each referred to in this Agreement as a "Closing." The First Closing Date and any Subsequent Closing Dates are sometimes referred to herein as a "Closing Date." All Closings shall occur within the time periods set forth in the Private Placement Memorandum remotely via the exchange of documents and signatures.

2.3. Closing Deliveries. At each Closing, the Company shall deliver to the Investors, against delivery by the Investor of the Purchase Price (as provided below), as applicable (i) duly issued certificates representing the Shares and Unit Shares and (ii) Notes, dated as of the applicable Closing Date, payable to the respective Investor in the principal amount set forth opposite such Investor's name on Exhibit A-1 or Exhibit A-2, as the case may be (the "Principal Amount"). At each Closing, each Investor shall deliver or cause to be delivered to the Company the Purchase Price set forth in its counterpart signature page annexed hereto by (i) surrendering the Bridge Notes, or (ii) paying United States dollars via bank, certified or personal check which has cleared prior to the applicable Closing Date or in immediately available funds, by wire transfer to the following escrow account:

US Bank
5065 Wooster Road
Cincinnati, OH 45226
Acct Name: Delaware Trust Company
ABA#: 042000013
A/C#: 130125268891
OBI: FFC: Intellinetics, Inc. Escrow; 79-XXXX
Ref: Investor Name

3. Representations, Warranties and Acknowledgments of the Investors.

Each Investor, severally and not jointly, represents and warrants to the Company solely as to such Investor that:

3.1 Authorization. The execution, delivery and performance by such Investor of the Transaction Documents to which such Investor is a party have been duly authorized and will each constitute the valid and legally binding obligation of such Investor, enforceable against such Investor in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

3.2 Purchase Entirely for Own Account. The Securities to be received by such Investor hereunder will be acquired for such Investor's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the Securities Act, and such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of the Securities Act, without prejudice, however, to such Investor's right at all times to sell or otherwise dispose of all or any part of such Securities in compliance with applicable federal and state securities laws**.** Nothing contained herein shall be deemed a representation or warranty by such Investor to hold the Securities for any period of time. Such Investor is not a broker-dealer registered with the SEC under the Exchange Act or an entity engaged in a business that would require it to be so registered.

3.3. Investment Experience. Such Investor acknowledges that the purchase of the Securities is a highly speculative investment and that it can bear the economic risk and complete loss of its investment in the Securities and has such knowledge and experience in financial or business matters such that it is capable of evaluating the merits and risks of the investment contemplated hereby.

3.4 Disclosure of Information. Such Investor has had an opportunity to receive all information related to the Company and the Securities requested by it and to ask questions of and receive answers from the Company regarding the Company, its business and the terms and conditions of the offering of the Securities. Neither such inquiries nor any other due diligence investigation conducted by such Investor shall modify, amend or affect such Investor's right to rely on the Company's representations and warranties contained in this Agreement and the Private Placement Memorandum. Such Investor acknowledges that it has received and reviewed the Private Placement Memorandum describing the offering of the Securities (including copies of the Company's relevant SEC Filings annexed to the Private Placement Memorandum.

3.5 Restricted Securities. Such Investor understands that the Securities, and the components thereof, are characterized as "restricted securities" under the U.S. federal securities laws since they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances.

3.6 Legends. It is understood that, except as provided below, certificates evidencing the Shares and Unit Shares may bear the following or any similar legend:

(a) "The securities represented hereby may not be transferred unless (i) such securities have been registered for sale pursuant to the Securities Act of 1933, as amended, (ii) such securities may be sold pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, or (iii) the Company has received an opinion of counsel reasonably satisfactory to it that such transfer may lawfully be made without registration under the Securities Act of 1933 or qualification under applicable state securities laws."

(b) If required by the authorities of any state in connection with the issuance of sale of the Shares, the legend required by such state authority.

3.7 Accredited Investor. Such Investor is an accredited investor as defined in Rule 501(a) of Regulation D, as amended, under the Securities Act ("Regulation D").

3.8 No General Solicitation. Such Investor did not learn of the investment in the Securities as a result of any public advertising or general solicitation.

3.9 Brokers and Finders. No Investor will have, as a result of the transactions contemplated by the Transaction Documents, any valid right, interest or claim against or upon the Company, any Subsidiary or any other Investor, for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of such Investor.

4. Representations and Warranties of the Company.

The Company represents, warrants and covenants to the Investors that:

4.1. Organization; Execution, Delivery and Performance.

(a) The Company and each of its Subsidiaries, if any, is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or organized, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary except where the failure to be so qualified or in good standing would not have a Material Adverse Effect.

(b) (i) The Company has all requisite corporate power and authority to enter into and perform the Transaction Documents and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Securities) have been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its stockholders, is required, (iii) each of the Transaction Documents has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is a true and official representative with authority to sign each such document and the other documents or certificates executed in connection herewith and bind the Company accordingly, and (iv) each of the Transaction Documents constitutes, and upon execution and delivery thereof by the Company will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and general principles of equity that restrict the availability of equitable or legal remedies.

4.2. Securities Duly Authorized. The Shares and Unit Shares to be issued to each such Investor pursuant to this Agreement, when issued and delivered in accordance with the terms of this Agreement, will be duly and validly issued and will be fully paid and nonassessable and free from all taxes or Liens with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of stockholders of the Company. The issuance of the Notes is duly authorized and upon issuance in accordance with the terms of this Agreement, will be duly and validly issued and will be free from all taxes or Liens with respect to the issue thereof. Subject to the accuracy of the representations and warranties of the Investors to this Agreement, the offer and issuance by the Company of the Securities is exempt from registration under the Securities Act.

4.3 No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby will not: (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, except for possible violations, conflicts or defaults as would not, individually or in the aggregate, have a Material Adverse Effect, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected. Except for the failure of the Company to hold a shareholder meeting in 2012, as required by its By-laws, neither the Company nor any of its Subsidiaries is in violation of its Certificate of Incorporation, By-laws or other organizational documents. Neither the Company nor any of its Subsidiaries is in default (and no event has occurred which with notice or lapse of time or both could put the Company or any of its Subsidiaries in default) under, and neither the Company nor any of its Subsidiaries has taken any action or failed to take any action that would give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party or by which any property or assets of the Company or any of its Subsidiaries is bound or affected, or for possible defaults as would not, individually or in the aggregate, have a Material Adverse Effect. The businesses of the Company and its Subsidiaries are not being conducted in violation of any law, rule ordinance or regulation of any governmental entity, except for possible violations which would not, individually or in the aggregate, have a Material Adverse Effect. Except for the filing with the SEC of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement or as required under the Securities Act, the Exchange Act, the rules and regulations of the OTCQB and any applicable state securities laws, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement or to issue and sell the Securities in accordance with the terms hereof. All consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof.

4.4. Capitalization.

(a) As of January 24, 2020, and prior to the consummation of the Reverse Split (as described and defined in the paragraph below), the authorized capital stock of the Company consists of (i) 75,000,000 shares of Common Stock, of which 19,346,307 shares are issued and outstanding, 6,726,625 shares are reserved for issuance pursuant to existing warrants to purchase Common Stock; 3,366,506 are reserved for issuance pursuant to the 2015 Intellinetics, Inc. Equity Incentive Plan, and 28,355,653 shares are reserved for issuance in accordance with outstanding convertible notes. Except as described above or in the Private Placement Memorandum, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries, or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Subsidiaries, (ii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of its or their securities under the Securities Act (except for the registration rights provisions contained herein) and (iii) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Shares or Unit Shares. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and nonassessable. No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of the stockholders of the Company or any Lien imposed through the actions or failure to act of the Company.

(b) Immediately prior to the Closing, and as a condition precedent to the Closing as set forth in Section 8.3, the Company anticipates, but in no way guarantees, an action by the requisite shareholders of the Company to approve (i) a 1-for-50 reverse stock split of the Company's Common Stock (the "Reverse Split") and (ii) an amendment to the Company's Articles of Incorporation to effectuate the Reverse Split and set the authorized capital stock of the Company to 25,000,000 shares of Common Stock. Thus, immediately prior to the Closing, assuming a Closing Date of February 28, 2020, the Company anticipates that the authorized capital stock of the Company will consist of (i) 25,000,000 shares of Common Stock, of which 386,926 shares will be issued and outstanding, 134,532 shares will be reserved for issuance pursuant to existing warrants to purchase Common Stock; 67,330 will be reserved for issuance pursuant to the 2015 Intellinetics, Inc. Equity Incentive Plan, and 571,026 shares will be reserved for issuance in accordance with outstanding convertible notes. In the Offering contemplated by this Agreement, up to 955,000 shares of Common Stock may be issued and up to an additional 95,500 shares of Common Stock may be issued if all the Placement Agent Warrants are exercised. The aggregate total number of Common Stock that could be issued in this Offering (not including Common Stock that may be issued in connection with an exchange offer to the holders of outstanding convertible notes, as further described below is 1,050,500 (the "Maximum Number of Shares Offered").

(c) As a condition precedent to the Closing and immediately prior to the Closing, the Company will seek to effect a conversion of the outstanding principal and accrued interest of existing convertible notes issued by the Company into Common stock at a price of $0.08 per share on a post-Reverse Split basis (the "Note Conversion"). Thus, assuming completion of the Note Conversion (which is not guaranteed), and assuming an approximate closing date of February 28, 2020, after giving effect to a fully-subscribed Offering, the Company anticipates that the authorized capital stock of the Company will consist of (i) 25,000,000 shares of Common Stock, of which 2,816,012 shares will be issued and outstanding, 230,032 shares will be reserved for issuance pursuant to existing warrants to purchase Common Stock; and 67,330 will be reserved for issuance pursuant to the 2015 Intellinetics, Inc. Equity Incentive Plan.

4.5. SEC Information.

(a) Since the filing of the "Form 10 information" referenced in Section 4.19 of this Agreement, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act (all of the foregoing and all other documents filed with the SEC prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The SEC Documents have been made available to the Investors via the SEC's EDGAR system. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents ("Company Financial Statements") complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. The Company Financial Statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the Company Financial Statements, the Company has no liabilities, contingent or otherwise, other than: (i) liabilities incurred in the ordinary course of business subsequent to September 30, 2019 (the fiscal period end of the Company's most recently-filed periodic report), and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, which, individually or in the aggregate, are not material to the financial condition or operating results of the Company.

(b) The shares of Common Stock are currently available for quotation on the OTCQB. Except as set forth in the SEC Documents, the Company has not received notice (written or oral) from the OTC Markets or the Financial Industry Regulatory Authority to the effect that the Company is not in compliance with the continued listing and maintenance requirements of such market. The Company is in material compliance with all such listing and maintenance requirements.

4.6 Permits; Compliance. The Company and each of its Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits. Neither the Company nor any of its Subsidiaries is in conflict with, or in default or violation of, any of the Company Permits, except for any such conflicts, defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Since September 30, 2019, neither the Company nor any of its Subsidiaries has received any notification with respect to possible conflicts, defaults or violations of applicable laws, except for notices relating to possible conflicts, defaults or violations, which conflicts, defaults or violations would not have a Material Adverse Effect.

4.7 Litigation. Except as set forth in the SEC Documents, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their respective businesses, properties or assets or their officers or directors in their capacity as such, that would have a Material Adverse Effect. The Company is unaware of any facts or circumstances which might give rise to any of the foregoing. There has not been, and to the Company's Knowledge, there is not pending or contemplated, any investigation by the SEC involving the Company, any of its Subsidiaries or any current or former director or executive officer of the Company or any of its Subsidiaries.

4.8 No Material Changes.

(a) Since September 30, 2019, except as set forth in the SEC Documents, there has not been:

(i) Any material adverse change in the financial condition, operations or business of the Company from that shown on the Company Financial Statements, or any material transaction or commitment effected or entered into by the Company outside of the ordinary course of business;

(ii) Any effect, change or circumstance which has had, or could reasonably be expected to have, a Material Adverse Effect; or

(iii) Any incurrence of any material liability outside of the ordinary course of business.

4.9 No General Solicitation. Neither the Company nor any person participating on the Company's behalf in the transactions contemplated hereby has conducted any "general solicitation," as such term is defined in Regulation D promulgated under the Securities Act, with respect to any of the Securities being offered hereby.

4.10 No Integrated Offering. Except with respect to the Note Conversion as set forth in Section 4.4(c), above, neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the Securities Act of the issuance of the Securities to the Investors. Except with respect to the Note Conversion as set forth in Section 4.4(c), above, the issuance of the Securities to the Investors will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any stockholder approval provisions applicable to the Company or its securities.

4.11 No Brokers. Except as set forth in Section 9.1, the Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

4.12 Internal Controls. The Company is in material compliance with the provisions of the Sarbanes-Oxley Act of 2002 currently applicable to the Company. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including the Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's most recently filed period report under the Exchange Act, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is defined in Item 308 of Regulation S-K) or, to the Company's Knowledge, in other factors that could significantly affect the Company's internal controls. The Company maintains and will continue to maintain a standard system of accounting established and administered in accordance with GAAP and the applicable requirements of the Exchange Act.

4.13 Form D; Blue Sky Laws. The Company agrees to file a Form D with respect to the Securities as required under Regulation D within fifteen (15) days after the first subscription is received by the Escrow Agent and to provide a copy thereof to the Placement Agent promptly after such filing. The Company and the Placement Agent shall work together and take such action as the Company shall reasonably determine is necessary to qualify the Securities for sale to the Investors at the applicable Closing pursuant to this Agreement under applicable securities or "blue sky" laws of the states of the United States (or to obtain an exemption from such qualification).

4.14 Disclosure. The Company confirms that neither it nor any other Person acting on its behalf has provided any of the Investors or their agents or counsel with any information that constitutes or could reasonably be expected to constitute material, non-public information concerning the Company or any of its Subsidiaries, other than the existence of the transactions contemplated by this Agreement and the other Transaction Documents. The Company understands and confirms that each of the Investors will rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure provided to the Investors regarding the Company and its Subsidiaries, their businesses and the transactions contemplated hereby, including the schedules to this Agreement, furnished by or on behalf of the Company or any of its Subsidiaries is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each press release issued by the Company or any of its Subsidiaries during the twelve (12) months preceding the date of this Agreement did not at the time of release contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or any of its Subsidiaries or its or their business, properties, liabilities, results of operations or financial conditions, which, under applicable law, rule or regulation, requires public disclosure at or before the date hereof or announcement by the Company but which has not been so publicly disclosed. The Company acknowledges and agrees that no Investor makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.

4.15 Intellectual Property Rights. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, original works, inventions, licenses, approvals, governmental authorizations, trade secrets and other intellectual property rights and all applications and registrations therefor (**"**Intellectual Property Rights**"**) necessary to conduct their respective businesses as now conducted and as presently proposed to be conducted. None of the Company's or its Subsidiaries' Intellectual Property Rights have expired, terminated or been abandoned, or are expected to expire, terminate or be abandoned, within two (2) years from the date of this Agreement. The Company has no knowledge of any infringement by the Company or any of its Subsidiaries of Intellectual Property Rights of others. Except as set forth in the SEC Documents, there is no claim, action or proceeding being made or brought, or to the Company's Knowledge, being threatened, against the Company or any of its Subsidiaries regarding their Intellectual Property Rights. The Company is not aware of any facts or circumstances which might give rise to any of the foregoing infringements or claims, actions or proceedings. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their Intellectual Property Rights, except where failure to take such measures would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.16 Tax Status. Except for occurrences that would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Company and each of its Subsidiaries (i) has timely made or filed all foreign, federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has timely paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company and its Subsidiaries know of no basis for any such claim. The Company is not operated in such a manner as to qualify as a passive foreign investment company, as defined in Section 1297 of the U.S. Internal Revenue Code of 1986, as amended.

4.17 Acknowledgement Regarding Investors' Trading Activity. It is understood and acknowledged by the Company that (i) following the public disclosure of the transactions contemplated by the Transaction Documents in accordance with the terms thereof, none of the Investors have been asked by the Company or any of its Subsidiaries to agree, nor has any Investor agreed with the Company or any of its Subsidiaries, to desist from effecting any transactions in or with respect to (including, without limitation, purchasing or selling, long and/or short) any securities of the Company, or "derivative" securities based on securities issued by the Company or to hold any of the Shares for any specified term; (ii) any Investor, and counterparties in "derivative" transactions to which any such Investor is a party, directly or indirectly, presently may have a "short" position in the Common Stock which was established prior to such Investor's knowledge of the transactions contemplated by the Transaction Documents; and (iii) each Investor shall not be deemed to have any affiliation with or control over any arm's length counterparty in any "derivative" transaction. The Company further understands and acknowledges that following the public disclosure of the transactions contemplated by the Transaction Documents, one or more Investors may engage in hedging and/or trading activities at various times during the period that the Securities are outstanding, and such hedging and/or trading activities, if any, can reduce the value of the existing stockholders' equity interest in the Company both at and after the time the hedging and/or trading activities are being conducted. The Company acknowledges that such aforementioned hedging and/or trading activities do not constitute a breach of this Agreement or any other Transaction Document or any of the documents executed in connection herewith or therewith.

4.18 Manipulation of Price. Neither the Company nor any of its Subsidiaries has, and, to the Company's Knowledge, no Person acting on their behalf has, directly or indirectly, (i) taken any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company or any of its Subsidiaries to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities (other than the Placement Agent), or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company or any of its Subsidiaries (other than the Placement Agent).

4.19 Shell Company Status. The Company was previously a "shell issuer", as defined in Rule 144(i)(1), promulgated under the Securities Act. The Company confirms that: (i) effective February 10, 2012, it ceased to be a "shell issuer"; (ii) it has not been a "shell issuer" between February 10, 2012 and the date of this Agreement; (iii) it is subject to the reporting requirements of Section 13 of the Exchange Act; (iv) it has filed all reports and other materials required to be filed by Section 13 of the Exchange Act during the 12 month period prior to the date of this Agreement, and (v) more than one year ago, it filed current "Form 10 information", as defined in Rule 144(i)(3), with the SEC, which reflects that it is not a "shell issuer".

5. Registration Rights.

5.1. Mandatory Registration. The Company shall prepare and, as soon as practicable, but in no event later than 45 days after the First Closing Date, file with the SEC a Registration Statement on Form S-3 covering the resale of all of the Registrable Securities, provided that if Form S-3 is unavailable for such a registration, the Company shall register the resale of the Registrable Securities on another appropriate form reasonably acceptable to the Investors and (ii) undertake to register the resale of the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of all Registration Statements then in effect and the availability for use of each prospectus contained therein until such time as a Registration Statement on Form S-3 covering the resale of all the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use. The Company shall use commercially reasonable efforts to have such initial Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Agreement, declared effective by the SEC as soon as practicable, but in no event later than 135 days after the First Closing Date (or 90 days after such date when the Company is then obligated to file another Registration Statement).

5.2. PiggyBack Registration. Whenever the Company proposes to register any of its securities under the Securities Act, whether for its own account or for the account of another stockholder (except for the registration of securities (A) to be offered pursuant to an employee benefit plan on Form S-8 or (B) pursuant to a registration made on Form S-4, or any successor forms then in effect) at any time and the registration form to be used may be used for the registration of the Registrable Securities (a "Piggyback Registration"), it will so notify in writing all holders of Registrable Securities no later than the earlier to occur of (i) the tenth (10^{th}) day following the Company's receipt of notice of exercise of other demand registration rights, or (ii) thirty (30) days prior to the anticipated filing date. Subject to the provisions of this Agreement, the Company will include in the Piggyback Registration all Registrable Securities, on a pro rata basis based upon the total number of Registrable Securities with respect to which the Company has received written requests for inclusion within ten (10) business days after the applicable holder's receipt of the Company's notice.

5.3. Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company, whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the trading market on which the Common Stock is then listed for trading, and (B) in compliance with applicable state securities or Blue Sky laws, (ii) processing expenses of the Placement Agent, including, but not limited to, printing expenses, messenger, telephone and delivery expenses and customary marketing expenses, (iii) fees and disbursements of counsel and independent public accountants for the Company, (iv) fees and disbursements of one counsel to the Placement Agent, and (v) filing fees and counsel fees of the Placement Agent if a determination is made that a FINRA Rule 5110 filing is required to be made with respect to the Registration Statement.

5.4. Offering. In the event the staff of the SEC (the "Staff") or the SEC seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities by, or on behalf of, the Company, or in any other manner, such that the Staff or the SEC do not permit such Registration Statement to become effective and used for resales in a manner that does not constitute such an offering and that permits the continuous resale at the market by the Investors participating therein (or as otherwise may be acceptable to each Investor) without being named therein as an "underwriter," then the Company shall reduce the number of shares to be included in such Registration Statement until such time as the Staff and the SEC shall so permit such Registration Statement to become effective as aforesaid. In making such reduction, the Company shall (X) reduce, and if necessary, eliminate, in order, (i) any Registrable Securities that are not Shares, Unit Shares, or PA Warrant Shares then (ii) any Registrable Securities that are not Shares or Unit Shares, then (Y) if necessary, reduce the number of shares to be included by all Investors on a pro rata basis (based upon the number of Registrable Securities otherwise required to be included for each Investor) unless the inclusion of shares by a particular Investor or a particular set of Investors are resulting in the Staff or the SEC's "by or on behalf of the Company" offering position, in which event the shares held by such Investor or set of Investors shall be the only shares subject to reduction (and if by a set of Investors on a pro rata basis by such Investors or on such other basis as would result in the exclusion of the least number of shares by all such Investors). In addition, in the event that the Staff or the SEC requires any Investor seeking to sell securities under a Registration Statement filed pursuant to this Agreement to be specifically identified as an "underwriter" in order to permit such Registration Statement to become effective, and such Investor does not consent to being so named as an underwriter in such Registration Statement, then, in each such case, the Company shall reduce the total number of Registrable Securities to be registered on behalf of such Investor, until such time as the Staff or the SEC does not require such identification or until such Investor accepts such identification and the manner thereof. Notwithstanding anything else to the foregoing, any reduction pursuant to this paragraph will first reduce all securities that are not Registrable Securities,. In the event of any reduction in Registrable Securities pursuant to this paragraph, an affected Investor shall have the right to require, upon delivery of a written request to the Company signed by such Investor, the Company to file a registration statement within thirty (30) days of such request (subject to any restrictions imposed by Rule 415 promulgated by the SEC under the Securities Act or required by the Staff or the SEC) for resale by such Investor in a manner acceptable to such Investor, and the Company shall following such request cause to be and keep effective such registration statement in the same manner as otherwise contemplated in this Agreement for registration statements hereunder, in each case until such time as: (i) all Registrable Securities held by such Investor have been registered and sold pursuant to an effective Registration Statement in a manner acceptable to such Investor or (ii) all Registrable Securities may be resold by such Investor without restriction (including, without limitation, volume limitations) pursuant to Rule 144 (taking account of any Staff position with respect to "affiliate" status) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (iii) such Investor agrees to be named as an underwriter in any such Registration Statement in a manner acceptable to such Investor as to all Registrable Securities held by such Investor and that have not theretofore been included in a Registration Statement under this Agreement (it being understood that the special demand right under this sentence may be exercised by an Investor multiple times and with respect to limited amounts of Registrable Securities in order to permit the resale thereof by such Investor as contemplated above).

5.5. Indemnification.

(a) Indemnification by the Company. The Company will indemnify and hold harmless each Investor and its officers, directors, members, shareholders, partners, representatives, employees and agents, successors and assigns, and each other person, if any, who controls such Investor within the meaning of the Securities Act, against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "Claims") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto, to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, any preliminary prospectus or final prospectus contained therein, or the Private Placement Memorandum, or any amendment or supplement thereof; (ii) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to qualify any or all of the Registrable Securities under the securities laws thereof (any such application, document or information herein called a "Blue Sky Application"); (iii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (iv) any violation by the Company or its agents of any rule or regulation promulgated under the Securities Act applicable to the Company or its agents and relating to action or inaction required of the Company in connection with such registration; or (v) any failure to register or qualify the Registrable Securities included in any such Registration Statement in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company will undertake such registration or qualification on an Investor's behalf and will reimburse such Investor, and each such officer, director or member and each such controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim or action; provided, however, that the Company will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Investor or any such controlling person in writing specifically for use in such Registration Statement or Prospectus.

(b) Indemnification by the Investors. Each Investor agrees, severally but not jointly, to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors, officers, employees, stockholders, partner, representatives and each person who controls the Company (within the meaning of the Securities Act) against any Claims resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in the Registration Statement or Prospectus or preliminary prospectus or amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent that such untrue statement or omission is contained in any information furnished in writing by such Investor to the Company specifically for inclusion in such Registration Statement or Prospectus or amendment or supplement thereto. In no event shall the liability of an Investor be greater in amount than the dollar amount of the proceeds (net of all expense paid by such Investor in connection with any claim relating to this Section 5.3 and the amount of any damages such Investor has otherwise been required to pay by reason of such untrue statement or omission) received by such Investor upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder shall (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (a) the indemnifying party has agreed to pay such fees or expenses, or (b) the indemnifying party shall have failed to assume the defense of such claim or employ counsel reasonably satisfactory to such person or (c) in the reasonable judgment of any such person, based upon written advice of its counsel, a conflict of interest exists between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person); and provided, further, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations hereunder, except to the extent that such failure to give notice shall materially adversely affect the indemnifying party in the defense of any such claim or litigation. It is understood that the indemnifying party shall not, in connection with any proceeding in the same jurisdiction, be liable for fees or expenses of more than one separate firm of attorneys at any time for all such indemnified parties. No indemnifying party will, except with the consent of the indemnified party, which consent shall not be unreasonably withheld or delayed, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) Contribution. If for any reason the indemnification provided for in the preceding paragraphs (a) and (b) is unavailable to an indemnified party or insufficient to hold it harmless, other than as expressly specified therein, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Claim in such proportion as is appropriate to reflect the relative fault of the indemnified party and the indemnifying party, as well as any other relevant equitable considerations. No person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act shall be entitled to contribution from any person not guilty of such fraudulent misrepresentation. In no event shall the contribution obligation of a holder of Registrable Securities be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such holder in connection with any claim relating to this Section 5.3 and the amount of any damages such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

5.6. Cooperation by Investor. Each Investor shall furnish to the Company or the Underwriter, as applicable, such information regarding the Investor and the distribution proposed by it as the Company may reasonably request in connection with any registration or offering referred to in this Section 5. Each Investor shall cooperate as reasonably requested by the Company in connection with the preparation of the registration statement with respect to such registration, and for so long as the Company is obligated to file and keep effective such registration statement, shall provide to the Company, in writing, for use in the registration statement, all such information regarding the Investor and its plan of distribution of the Securities included in such registration as may be reasonably necessary to enable the Company to prepare such registration statement, to maintain the currency and effectiveness thereof and otherwise to comply with all applicable requirements of law in connection therewith.

6. Transfer Restrictions.

6.1. Transfer or Resale. Each Investor understands that:

(i) Except as provided in the Registration Rights Agreement, the sale or resale of all or any portion of the Securities has not been and is not being registered under the Securities Act or any applicable state securities laws, and all or any portion of the Securities may not be transferred unless:

(A) the Securities are sold pursuant to an effective registration statement under the Securities Act;

(B) the Investor shall have delivered to the Company, at the cost of the Company, a customary opinion of counsel that shall be in form, substance and scope reasonably acceptable to the Company, to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from such registration;

(C) the Securities are sold or transferred to an "affiliate" (as defined in Rule 144 promulgated under the Securities Act (or a successor rule) ("Rule 144")) of the Investor who agrees to sell or otherwise transfer the Securities only in accordance with this Section 6.1 and who is an Accredited Investor;

(D) the Securities are sold pursuant to Rule 144; or

(E) the Securities are sold pursuant to Regulation S under the Securities Act (or a successor rule) ("Regulation S");

and, in each case, the Investor shall have delivered to the Company, at the cost of the Company, a customary opinion of counsel, in form, substance and scope reasonably acceptable to the Company. Notwithstanding the foregoing or anything else contained herein to the contrary, the Securities may be pledged as collateral in connection with a bona fide margin account or other lending arrangement.

6.2 Transfer Agent Instructions. If an Investor provides the Company with a customary opinion of counsel, that shall be in form, substance and scope reasonably acceptable to the Company, to the effect that a public sale or transfer of such Securities may be made without registration under the Securities Act and such sale or transfer is effected, the Company shall permit the transfer and promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by such Investor. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Investors, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 6.2 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Investors shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

6.3 Public Information. At any time during the period commencing from the six (6) month anniversary of the Closing Date and ending on the two (2) year anniversary of the Closing Date, if the Company shall fail for any reason to satisfy the current public information requirement under Rule 144(c) (a "Public Information Failure") then, in addition to such Investor's other available remedies, the Company shall pay to each Investor, in cash, as partial liquidated damages and not as a penalty, by reason of any such delay in or reduction of its ability to sell the Shares and/or Unit Shares, an amount in cash equal to one percent (1.0%) of the aggregate Purchase Price of such Investor's Shares and/or Unit Shares on the day of a Public Information Failure and on every thirtieth (30^{th}) day (pro-rated for periods totaling less than thirty days) thereafter until the earlier of (a) the date such Public Information Failure is cured and (b) such time that such public information is no longer required for the Investors to transfer the Shares and/or Unit Shares pursuant to Rule 144. The payments to which an Investor shall be entitled pursuant to this Section 6.3 are referred to herein as "Public Information Failure Payments." Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred and (ii) the third (3^{rd}) Business Day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments in a timely manner, such Public Information Failure Payments shall bear interest at the rate of 1.5% per month (prorated for partial months) until paid in full. Nothing herein shall limit such Investor's right to pursue actual damages for the Public Information Failure, and such Investor shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

7. Conditions to Closing of the Investors.

The obligation of each Investor hereunder to purchase the Securities at the Closing is subject to the satisfaction, at or before the applicable Closing Date, of each of the following conditions, provided that these conditions are for each Investor's sole benefit and may be waived by such Investor at any time in its sole discretion by providing the Company with prior written notice thereof:

7.1 Representations, Warranties and Covenants. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct in all material respects as of such date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Such Investor shall have received a certificate, executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Investor in the form reasonably acceptable to such Investor.

7.2 Consents. The Company shall have obtained all governmental, regulatory or third party consents and approvals, if any, necessary for the sale of the Securities.

7.3 Delivery by Company. The Company shall have duly executed and delivered to such Investor (A) each of the other Transaction Documents, (B) an instruction letter to the Company's transfer agent regarding the issuance of the Shares or Unit Shares in the number as is set forth on the signature page hereby being purchased by such Investor at the Closing pursuant to this Agreement, and (C) the Notes in the Principal Amount set forth on the signature page hereby being purchased by such Investor at the Closing pursuant to this Agreement.

7.4 Legal Opinion. Such Investor shall have received the opinion of the Company's counsel, dated as of the Closing Date, in the form reasonably acceptable to such Investor.

7.5 No Material Adverse Effect. Since the date of first execution of this Agreement, no event or series of events shall have occurred that reasonably would have or result in a Material Adverse Effect.

7.6 No Prohibition. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

7.7 Other Documents. The Company shall have delivered to such Investor such other documents, instruments or certificates relating to the transactions contemplated by this Agreement as such Investor or its counsel may reasonably request.

8. Conditions to Closing of the Company.

The obligations of the Company to effect the transactions contemplated by this Agreement with each Investor are subject to the fulfillment at or prior to each Closing Date of the conditions listed below.

8.1. Representations and Warranties. The representations and warranties made by such Investor in Section 3 shall be true and correct in all material respects at the time of Closing as if made on and as of such date.

8.2. Corporate Proceedings. All corporate and other proceedings required to be undertaken by such Investor in connection with the transactions contemplated hereby shall have occurred and all documents and instruments incident to such proceedings shall be reasonably satisfactory in substance and form to the Company.

8.3. Action to Amend Articles. The Company shall have effectuated the Reverse Split by Amending its Articles of Incorporation with the State of Nevada to reflect the Reverse Split and to change the number of authorized shares of Common Stock to 25,000,000 shares.

8.4. Simultaneous Closing of Acquisition. The Company shall have received all requisite approvals internally and from the owners of Graphic Sciences, Inc. ("GSI") to effectuate the closing of an acquisition of GSI by the Company, with such acquisition closing to be simultaneous with, or immediately following, the First Closing of the Offering.

8.5 Simultaneous Completion of Note Conversion. The Company shall have received all requisite approvals to amend all of its outstanding convertible notes in order to permit the Company to convert the outstanding balance and accrued and unpaid interest of such convertible notes into shares of Common Stock at the current Offering price of $0.08 per share on a post-Reverse Split basis. Such conversion shall be effected either simultaneously with or immediately prior to the First Closing of the Offering.

9. Miscellaneous.

9.1. Compensation of Placement Agent. The Investor acknowledges that it is aware that the Placement Agent will receive from the Company, in consideration for its services as financial advisor and placement agent in respect of the transactions contemplated hereby, (a) a commission success fee equal to 8% of the Purchase Price of the Securities sold at each Closing, payable in cash, (b) an expense allowance, which shall include reasonable reimbursement of expenses incurred in connection with the transactions contemplated hereby (c) reimbursement for all filing fees the Placement Agent is required to pay the Financial Industry Regulatory Authority ("FINRA") and reasonable fees and expenses of legal counsel to Placement Agent in connection with such filings with FINRA; and (d) five-year warrants to purchase such number of shares of the Company's Common Stock equal to ten percent (10%) of the number of Shares and Unit Shares sold in the Offering, at an exercise price equal to $0.08 per share.

9.2. Notices. All notices, requests, demands and other communications provided in connection with this Agreement shall be in writing and shall be deemed to have been duly given at the time when hand delivered, delivered by express courier, or sent by facsimile (with receipt confirmed by the sender's transmitting device) in accordance with the contact information provided below or such other contact information as the parties may have duly provided by notice.

The Company:

Intellinetics, Inc.
2190 Dividend Drive
Columbus, Ohio 43228-3806
Telephone: (614) 388-8909
Attention: Mr. James F. DeSocio,
President and Chief Executive Officer

With a copy to:

Kegler, Brown, Hill & Ritter Co., L.P.A.
65 E. State St., Ste 1800
Columbus, Ohio 43215
Telephone: (614) 462-5400
Facsimile: (614) 464-2634
Attention: Erin C. Herbst

The Investors:

As per the contact information provided on the signature pages hereof.

Taglich Brothers, Inc.:

Taglich Brothers, Inc.
275 Madison Avenue, Suite 1618
New York, NY 10016
Telephone: (212) 661-6886
Facsimile: (212) 661-6824
Attention: Robert C. Schroeder
Vice President, Investment Banking

9.3 Survival of Representations and Warranties. Each party hereto covenants and agrees that the representations and warranties of such party contained in this Agreement shall survive the Closing. Each Investor shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

9.4 Indemnification.

(a) The Company agrees to indemnify and hold harmless each Investor and its Affiliates and their respective directors, officers, employees and agents from and against any and all losses, claims, damages, liabilities and expenses (including without limitation reasonable attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim or proceeding, pending or threatened and the costs of enforcement thereof) (collectively, "Losses") to which such Person may become subject as a result of any breach of representation, warranty, covenant or agreement made by or to be performed on the part of the Company under the Transaction Documents, and will reimburse any such Person for all such amounts as they are incurred by such Person.

(b) Promptly after receipt by any Investor (the "Indemnified Person") of notice of any demand, claim or circumstances which would or might give rise to a claim or the commencement of any action, proceeding or investigation in respect of which indemnity may be sought pursuant to Section 9.4, such Indemnified Person shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Person, and shall assume the payment of all fees and expenses; provided, however, that the failure of any Indemnified Person so to notify the Company shall not relieve the Company of its obligations hereunder except to the extent that the Company is materially prejudiced by such failure to notify. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company and the Indemnified Person shall have mutually agreed to the retention of such counsel; or (ii) in the reasonable judgment of counsel to such Indemnified Person representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, but if settled with such consent, or if there be a final judgment for the plaintiff, the Company shall indemnify and hold harmless such Indemnified Person from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. Without the prior written consent of the Indemnified Person, which consent shall not be unreasonably withheld, the Company shall not effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Person from all liability arising out of such proceeding.

9.5. Entire Agreement. This Agreement contains the entire agreement between the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter contained herein.

9.6 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and, except for the Placement Agent and other registered broker-dealers, if any, who are specifically agreed to be and acknowledged by each party as third party beneficiaries hereof, is not for the benefit of, nor may any provision hereof be enforced by, any other person.

9.7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor any Investor shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, but subject to the provisions of Section 6.1 hereof, any Investor may, without the consent of the Company, assign its rights hereunder to any person that purchases Securities in a private transaction from an Investor or to any of its "affiliates," as that term is defined under the 1934 Act.

9.8. Public Disclosures. The Company shall on or before 5:30 p.m., New York time, on the fourth (4^{th}) Business Day after the date of this Agreement, (x) issue a press release (the "Press Release") reasonably acceptable to the Investors disclosing all the material terms of the transactions contemplated by the Transaction Documents and (y) file a Current Report on Form 8-K describing all the material terms of the transactions contemplated by the Transaction Documents in the form required by the 1934 Act and attaching all the material Transaction Documents aside from the Confidential Private Placement Memorandum (including, without limitation, this Agreement and all schedules to this Agreement) (including all attachments, the "8-K Filing"). From and after the issuance of the Press Release and 8-K Filing, the Company shall have disclosed all material, non-public information (if any) delivered to any of the Investors by the Company in connection with the transactions contemplated by the Transaction Documents. Neither the Company nor any Investor shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, the Company shall be entitled, without the prior approval of any Investor, to make a press release or other public disclosure with respect to such transactions as is required by applicable law and regulations. Without the prior written consent of the applicable Investor (which may be granted or withheld in such Investor's sole discretion), the Company shall not disclose the name of such Investor in any filing (other than in the 8-K Filing, any Registration Statement registering the Shares or Unit Shares and any other filing as is required by applicable law and regulations), announcement, release or otherwise.

9.9. Binding Effect; Benefits. This Agreement and all the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; nothing in this Agreement, expressed or implied, is intended to confer on any persons other than the parties hereto or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.10. Amendment; Waivers. All modifications, amendments or waivers to this Agreement shall require the written consent of all of the following: (a) the Company, (b) a majority-in-interest of the Investors in Shares (based on the number of Shares purchased hereunder), and (c) a majority-in-interest of the Investors in Units (based on the number of Units purchased hereunder).

9.11. Applicable Law; Disputes. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the conflict of law provisions thereof, and the parties hereto irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York, or, if jurisdiction in such court is lacking, the Supreme Court of the State of New York, New York County, in respect of any dispute or matter arising out of or connected with this Agreement

9.12. Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

9.13. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed via facsimile or by e-mail delivery of a "pdf" format data file, which shall be deemed an original.

9.14 Independent Nature of Investors. The obligations of each Investor under this Agreement or other transaction document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or any other transaction document. Each Investor shall be responsible only for its own representations, warranties, agreements and covenants hereunder. The decision of each Investor to purchase Securities pursuant to this Agreement has been made by such Investor independently of any other Investor and independently of any information, materials, statements or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise) or prospects of the Company which may have been made or given by any other Investor or by any agent or employee of any other Investor, and no Investor or any of its agents or employees shall have any liability to any other Investor (or any other person) relating to or arising from any such information, materials, statements or opinions. Nothing contained herein or in any other transaction document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Except as otherwise provided in this Agreement or any other transaction document, each Investor shall be entitled to independently protect and enforce its rights arising out of this Agreement or out of the other transaction documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. Each Investor has been represented by its own separate legal counsel in connection with the transactions contemplated hereby and acknowledge and understand that Kegler, Brown, Hill & Ritter Co., L.P.A. has served as counsel to the Company only.

9.15 Omnibus Signature Page. This Agreement is intended to be read and construed in conjunction with the Transaction Documents pertaining to the issuance by the Company of the Securities to the Investors. Accordingly, it is hereby agreed that the execution by the Investor and the Company of this Agreement, in the place set forth herein, shall constitute an agreement to be bound by the terms and conditions of both this Agreement and the Registration Rights Agreement with the same effect as if both this Agreement and the Registration Rights Agreement were separately signed.

[SIGNATURE PAGES IMMEDIATELY FOLLOW]

IN WITNESS WHEREOF, the undersigned Investors and the Company have caused this Securities Purchase Agreement to be duly executed as of the date first above written.

INTELLINETICS, INC.

By: _____

James F. DeSocio
President and Chief Executive Officer

INVESTORS:

The Investors executing the Signature Page in the form attached hereto as Annex A and delivering the same to the Company or its agents shall be deemed to have executed this Agreement and the Registration Rights Agreement and agreed to the terms hereof and thereof.

Annex A
Securities Purchase Agreement
Investor Counterpart Signature Page

The undersigned, desiring to: (i) enter into this Securities Purchase Agreement dated as of _____ __, 201__ (the "**Agreement**"), with the undersigned, Intellinetics, Inc., a Nevada corporation (the "**Company**"), in or substantially in the form furnished to the undersigned and (ii) purchase the Shares and/or Units as set forth below, hereby agrees to purchase such Shares and/or Units from the Company as of the Closing and further agrees to join the Agreement as a party thereto, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations in the Agreement section entitled "Representations, Warranties and Acknowledgments of the Investors," and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as an Investor.

The Investor hereby elects to purchase:
(to be completed by Investor)

_____ Shares

at a purchase price of $0.08 per Share

Total Share Purchase Price of $_____

_____ Units

at a purchase price of $1,000 per Unit

Total Unit Purchase Price of $_____

Total Purchase Price _____

Name of Investor:

If an entity:
Print Name of Entity:

By:

Name:
Title:

If an individual:
Print Name:_____

Signature:_____

If joint individuals:
Print Name:_____

Signature:_____

All Investors:

Address:_____

Telephone No.: _____

Facsimile No.:_____

Email Address:_____

Exhibit A-1

Schedule of Investors

Investor	Shares	Note Principal Amount	Unit Shares	Purchase Price
TOTAL				

Exhibit B

Form of Subordinated Promissory Note

EXHIBIT 10.2

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITY.

THE HOLDER AGREES HEREIN TO SUBORDINATE THE INDEBTEDNESS OWED TO HOLDER UNDER THIS NOTE TO THE COMPANY'S SENIOR LENDER(S).

Original Issue Date: **March 2, 2020**

$_____

12% SUBORDINATED PROMISSORY NOTE
DUE FEBRUARY 28, 2023

THIS 12% SUBORDINATED PROMISSORY NOTE is one of a series of duly authorized and validly issued 12% Subordinated Promissory Notes of Intellinetics, Inc., a Nevada corporation, (the "Company"), having its principal place of business at 2190 Dividend Drive, Columbus, OH 43228, designated as its 12% Subordinated Promissory Note due February 28, 2023 (this Note, the "Note" and, collectively with the other Notes of such series, the "Notes").

FOR VALUE RECEIVED, the Company promises to pay to _____ or its registered assigns (the "Holder"), or shall have paid pursuant to the terms hereunder, the principal sum of $_____ on February 28, 2023 (the "Maturity Date") or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the aggregate then outstanding principal amount of this Note in accordance with the provisions hereof. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note, (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement and (b) the following terms shall have the following meanings:

"Bankruptcy Event" means any of the following events: (a) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof, (b) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors, (f) the Company or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (g) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Change of Control Transaction" means the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company (other than by means of the Securities issued together with the Notes), (b) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the Company or the successor entity of such transaction, (c) the Company sells or transfers all or substantially all of its assets to another Person and the stockholders of the Company immediately prior to such transaction own less than 66% of the aggregate voting power of the acquiring entity immediately after the transaction, (d) a replacement at one time or within a three year period of more than one-half of the members of the Board of Directors which is not approved by a majority of those individuals who are members of the Board of Directors on the Original Issue Date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof), or (e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

"Common Stock" shall mean shares of the Company's common capital stock, par value $0.001.

"Event of Default" shall have the meaning set forth in Section 5(a).

"Fundamental Transaction" means one of the following: (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions (excluding specifically the license or other disposition of the Company's intellectual property in the ordinary course of business), (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination).

"Interest Payment Date" shall have the meaning set forth in Section 2(a).

"Mandatory Default Amount" means the sum of (a) 120% of the outstanding principal amount of this Note, plus 100% of accrued and unpaid interest hereon, and (b) all other amounts, costs, expenses and liquidated damages due in respect of this Note.

"New York Courts" shall have the meaning set forth in Section 6(d).

"Note Register" shall have the meaning set forth in Section 2(c).

"Original Issue Date" means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

"Purchase Agreement" means the Securities Purchase Agreement, dated as of [February___], 2020 among the Company and the original Holders, as amended, modified or supplemented from time to time in accordance with its terms.

"Required Holders" means Holders of at least 51% in principal amount of the then outstanding Notes.

"Senior Lenders" means any future senior lender to the Company.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board or the OTCQB operated by OTC Markets Group Inc. (or any successors to any of the foregoing).

Section 2. Interest.

a) Payment of Interest in Cash. The Company shall pay interest to the Holder on the aggregate then outstanding principal amount of this Note at the rate of 12.0% per annum in the aggregate, subject to adjustment as set forth herein, payable quarterly in cash in arrears on the first Business Day of each fiscal quarter, beginning on June 30, 2020 and on the Maturity Date (each such date, an "Interest Payment Date") (if any Interest Payment Date is not a Business Day, then the applicable payment shall be due on the next succeeding Business Day). If any quarterly interest payment is not made by its Interest Payment Date, then the interest shall accrue at the rate of 14%. Upon the occurrence and continuation of an Event of Default under Section 5(a)(i) below, interest shall accrue and be payable in cash at the rate of 14% per annum.

b) Interest Calculations. Interest on the outstanding principal amount shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the Original Issue Date until payment in full of the outstanding principal, together with all accrued and unpaid interest, liquidated damages and other amounts which may become due hereunder, has been made. Interest hereunder will be paid to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "Note Register").

c) Prepayment. The Company may prepay any portion of the principal amount of this Note without the prior written consent of the Holder, provided, however, that any prepayment is done on a pro rata basis on all Notes then outstanding.

Section 3. Registration of Transfers and Exchanges.

a) Different Denominations. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with applicable federal and state securities laws and regulations.

c) Reliance on Note Register. Prior to presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Negative Covenants. As long as at least 25% of the original aggregate principal amount of all Notes remains outstanding, unless the Required Holders (and treating any Notes owned by the Company or any Affiliate of the Company as not outstanding for such purpose) shall have otherwise given prior written consent, the Company shall not, and shall not permit any of the Subsidiaries to, directly or indirectly:

a) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder (which limitation shall expressly not apply to any proposal to increase the number of authorized shares of the Company's Common Stock);

b) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or common stock equivalents;

c) pay cash dividends or distributions on any equity securities of the Company; or

d) enter into any transaction with any Affiliate of the Company which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval).

Section 5. Events of Default.

a) "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body) and except as shall have been effected with the consent of the Required Holders:

i. any default in the payment of the principal amount of any Note, which default is not cured within 10 calendar days;

ii. the Company shall fail to observe or perform any other covenant or agreement contained in the Notes which failure is not cured, if possible to cure, within the earlier to occur of (A) five (5) Business Days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) 10 Business Days after the Company has become or should have become aware of such failure;

iii. a default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur under (A) any of the Notes or (B) any other material agreement, lease, document or instrument to which the Company or any Subsidiary is obligated (and not covered by clause (vi) below);

iv. any representation or warranty made in this Note, any other Note, any written statement pursuant hereto or thereto or any other report, financial statement or certificate made or delivered to the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made;

v. the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) shall be subject to a Bankruptcy Event;

vi. the Company or any Subsidiary shall default on any of its obligations under any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that (a) involves an obligation greater than $150,000, whether such indebtedness now exists or shall hereafter be created, and (b) results in such indebtedness becoming (subject to any applicable cure period) or being declared due and payable prior to the date on which it would otherwise become due and payable;

vii. the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market and shall not be eligible to resume listing or quotation for trading thereon within five Trading Days;

viii. the Company shall be a party to any Change of Control Transaction or Fundamental Transaction or shall agree to sell or dispose of all or in excess of 50% of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction) and excluding specifically any license or other disposition involving continued royalty or similar payments of the Company's intellectual property assets in the ordinary course of business);

ix. the Company shall materially breach any of the Notes; or

x. any monetary judgment, writ or similar final process shall be entered or filed against the Company, any subsidiary or any of their respective property or other assets for more than $100,000, and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of 45 calendar days.

b) Remedies Upon Event of Default. If an Event of Default occurs pursuant to Section 5(a)(i), the outstanding principal amount of this Note, plus accrued but unpaid interest, and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election and upon notice thereof to the Company, immediately due and payable in cash at the Mandatory Default Amount. If an Event of Default occurs pursuant to Sections 5(a)(ii) - 5(a)(xii), the outstanding principal amount of this Note, plus accrued but unpaid interest, and other amounts owing in respect thereof through the date of acceleration, shall become, at the Holder's election and upon notice thereof to the Company, immediately due and payable in cash. Commencing 5 days after the occurrence of any Event of Default that results in the eventual acceleration of this Note, the interest rate on this Note shall accrue at an interest rate equal to the lesser of 12% per annum or the maximum rate permitted under applicable law. Upon the payment in full of this Note pursuant to this Section 5(b), the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 5(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon.

c) Subordination. Holder agrees and acknowledges that this Note is subordinate to the obligation of the Company to the Senior Lender(s). The Holder hereby agrees, upon the request of the Senior Lender(s) at any time and from time to time, to execute such other documents or instruments as may be reasonably requested by the Senior Lender(s) further to evidence of public record or otherwise the priority of the Senior Lender(s) as contemplated hereby.

Section 6. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth above, or such other facsimile number or address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 6(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number or address of the Holder appearing on the books of the Company, or if no such facsimile number or address appears on the books of the Company, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto prior to 5:30 p.m. (New York City time) on any date, (ii) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (iv) upon actual receipt by the party to whom such notice is required to be given.

b) Absolute Obligation. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note ranks pari passu with all other Notes now or hereafter issued under the terms set forth herein.

c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by the Notes (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Notes), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Amendments, Waivers. No provision of the Notes may be waived, modified, supplemented or amended except in a written instrument signed by the Company and Required Holders, which upon execution of such written instrument shall be effective as to all Notes then outstanding. Any waiver by the Company or the Required Holders of a breach of any provision of the Notes shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of the Notes. The failure of the Company or the Required Holders to insist upon strict adherence to any term of the Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of the Notes on any other occasion. Any waiver by the Company or the Required Holders must be in writing.

f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

INTELLINETICS, INC.

By: _____
Name:
Title:

EXHIBIT 10.3

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into March 2, 2020, among Intellinetics, Inc., a Nevada corporation (the "Company"), and the several purchasers signatory hereto (each such purchaser, a "Purchaser" and collectively, the "Purchasers").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof, between the Company and each Purchaser (the "Purchase Agreement").

The Company and each Purchaser hereby agrees as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 6(d).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser.

"Commission" means the U.S. Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed into.

"Effectiveness Date" means, with respect to the initial Registration Statement required to be filed hereunder, the 90th calendar day following the Filing Date, and with respect to any additional Registration Statements that may be required pursuant to Section 3(b), the 90th calendar day following the date on which the Company first knows, or reasonably should have known, that such additional Registration Statement is required hereunder; provided, however, that in the event the Company is notified by the Commission that one of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates required above.

"Effectiveness Period" shall have the meaning set forth in Section 2.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Filing Date" means, with respect to the Initial Registration Statement required hereunder, the 45th calendar day following the First Closing, with respect to any additional Registration Statements which may be required pursuant to Section 3(c), the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Initial Shares" means a number of Registrable Securities equal to either (i) the total number of Registrable Securities or (ii) in the event SEC Guidance limits the number of Registrable Securities included on a Registration Statement, an amount equal to at least one-third of the number of issued and outstanding shares of Common Stock that are held by non-affiliates of the Company on the day immediately prior to the filing date of the Initial Registration Statement.

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement.

"Losses" shall have the meaning set forth in Section 5(a).

"PA Warrants" means the warrants to purchase Common Stock issued to the Placement Agent.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Plan of Distribution" shall have the meaning set forth in Section 2.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means, (i) all of the Shares of Common Stock and Unit Shares of Common Stock issuable in connection with the Purchase Agreement, (ii) all of the PA Warrant Shares issuable upon exercise in full of the PA Warrants, (iii) any Conversion Shares issued in connection with the Note Conversion, (iv) any additional shares issuable in connection with any anti-dilution provisions associated with the PA Warrants, and (v) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that the Company shall not be required to maintain the effectiveness, or file another Registration Statement hereunder with respect to any Registrable Securities that are not subject to the current public information requirement under Rule 144 and that are eligible for resale without volume or manner-of-sale restrictions without current public information pursuant to Rule 144 promulgated by the Commission pursuant to a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders.

"Registration Statement" means the registration statements required to be filed hereunder and any additional registration statements contemplated by Section 3(b), including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"SEC Guidance" means (i) any publicly-available written or oral guidance, comments, requirements or requests of the Commission staff and (ii) the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Selling Shareholder Questionnaire" shall have the meaning set forth in Section 3(a).

"Trading Day" means a day on which the Common Stock is traded on a Trading Market.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: The NASDAQ Capital Market, The NASDAQ Global Market, The NASDAQ Global Select Market, the New York Stock Exchange, the NYSE American, the OTC Bulletin Board, the OTCQX, or the OTCQB.

2. Registration on Form S-1 or Form S-3. (a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement filed hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith) and shall contain (unless otherwise directed by at least an 85% majority in interest of the Holders) substantially the "Plan of Distribution" attached hereto as Annex A. In the event the amount of Registrable Securities which may be included in the Registration Statement is limited due to SEC Guidance (provided that, the Company shall use diligent efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, the Manual of Publicly Available Telephone Interpretations D.29) the Company shall use its commercially reasonable efforts to register such maximum portion of the Registrable Securities as permitted by SEC Guidance. Subject to the terms of this Agreement, the Company shall use its commercially reasonable efforts to cause a Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event prior to the applicable Effectiveness Date, and shall use its commercially reasonable efforts to keep such Registration Statement continuously effective under the Securities Act until all Registrable Securities covered by such Registration Statement have been sold, or may be sold without volume and manner-of-sale restrictions pursuant to Rule 144 (as applicable to non-affiliates), and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders (the "Effectiveness Period"). The Company shall immediately notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement on the same trading day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. New York City time on the trading day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424. Notwithstanding any other provision of this Agreement, if any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement (and notwithstanding that the Company used diligent efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced by (i) first the Conversion Shares issued with respect to interest on the Existing Notes on a pro rata basis, (ii) second the Conversion Shares issued with respect to the principal of the Existing Notes on a pro rata basis, and (iii) on a pro rata basis based on the total number of remaining unregistered Registrable Securities held by such Holders. In the event of a cutback hereunder, the Company shall give the Holder at least 5 Trading Days prior written notice along with the calculations as to such Holder's allotment.

(b) If: (i) a Registration Statement is not filed on or prior to its Filing Date (if the Company files a Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(a), the Company shall not be deemed to have satisfied this clause (i)); (ii) the Company fails to file with the Commission a request for acceleration in accordance with Rule 461 promulgated under the Securities Act, within five (5) Trading Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that a Registration Statement will not be "reviewed," or will not subject to further review; (iii) prior to its Effectiveness Date, the Company fails to file a pre-effective amendment and otherwise respond appropriately to comments made by the Commission in respect of such Registration Statement within 15 Trading Days after the receipt of written comments by or notice from the Commission that such amendment is required in order for a Registration Statement to be declared effective; (iv) a Registration Statement filed or required to be filed hereunder pursuant to this Agreement is not declared effective by the Commission on or prior to its Effectiveness Date; or (v) after the Effectiveness Date and during the Effectiveness Period, a Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities for which it is required to be effective and the Holders are not permitted to utilize the Prospectus therein to resell such Registrable Securities for 10 consecutive Trading Days or more than an aggregate of 20 Trading Days during any 12-month period (which need not be consecutive Trading Days); (any such failure or breach described in clauses (i) through (v) being referred to as an **"**Event**"**, and for purposes of clause (i) or (iv) the date on which such Event occurs, or for purposes of clause (ii) the date on which such five Trading Day period is exceeded, or for purposes of clause (iii) the date on which such 15 Trading Day period is exceeded, or for purposes of clause (v) the date on which such 10 or 20 Trading Day period, as applicable, is exceeded being referred to as an **"**Event Date**"**), then, as long as such Holders shall have complied with their obligations hereunder, in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date beginning with the first monthly anniversary of the applicable Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured (each, a "Liquidated Damages Payment Date**"**), the Company shall pay to each such Holder an amount in cash, as liquidated damages and not as a penalty, with respect to each Liquidated Damages Payment Date, equal to 2% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement for any issued and outstanding unregistered Registrable Securities then held by such Holder or issued and outstanding Registrable Securities held by such Holder that are registered pursuant to a suspended Registration Statement as applicable. If the Company fails to pay any liquidated damages pursuant to this Section in full within seven calendar days after the date payable, the Company will pay interest on such payment at a rate equal to 10% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The liquidated damages pursuant to the terms hereof shall apply on a daily pro-rata basis for any portion of a month prior to the cure of an Event; provided, that there shall be no penalty or damages in the event that: (A) the Company suspends the use of the Registration Statement (or the Prospectus forming a part thereof) in response to a request from the Commission for technical supplements to such Registration Statement; (B) the Company suspends the use of the Registration Statement in connection with a primary offering by the Company of equity securities of the Company; (C) the Company files a Registration Statement (or any amendment or supplement to a Registration Statement) by the applicable Filing Date but such Registration Statement (or any amendment or supplement to a Registration Statement) is not declared effective by the applicable Effectiveness Date due to the Commission's failure to respond within the customary time period or if the delay in effectiveness is not reasonably attributable to the Company and the Company has complied and continues to comply with its obligation to use its best efforts to cause the Registration Statement (or any amendment or supplement to a Registration Statement) to become effective; (D) the Company fails to file a Registration Statement or prior to its Filing Date following notification of an objection with respect thereto from the Holders pursuant to Section 3(a) hereof provided that such Registration Statement is filed not later than three (3) Trading Days after receipt by the Company of written notice of the withdrawal of such objection; (E) all of such Purchaser's Registrable Securities may be sold by such Purchaser without restriction under Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable); (F) such Registrable Securities were excluded from a Registration Statement by election of a Purchaser; and (G) the Company is unable to fulfill its registration obligations solely as a result of rules, regulations, positions or releases issued or actions taken by the Commission pursuant to its authority with respect to "Rule 415", and the Company registers at such time the maximum number of shares of Common Stock permissible upon consultation with the staff of the SEC, which shares will be reduced by on a pro rata basis based on the total number of unregistered Registrable Securities held by such Holders (and the Company agrees that it shall be required to register any remaining Registrable Securities as soon as allowed under SEC rules and regulations); and provided, further, that no liquidated damages shall be paid that are in excess of 8% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement for any issued and outstanding unregistered Registrable Securities then held by such Holder.

3. Registration Procedures

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex B (a 'Selling Shareholder Questionnaire") not less than two Trading Days prior to the Filing Date.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities outstanding or issuable at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, the Company shall file as soon as reasonably practicable, an additional Registration Statement covering the resale by the Holders of not less than 120% of the number of Registrable Securities outstanding or issuable less the number of shares of Common Stock then registered in a Registration Statement or otherwise disposed of pursuant to a Registration Statement or an exemption therefrom.

(d) Notify the Placement Agent and the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than 1 Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement; and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, provided that any and all of such information shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law.

(e) Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; provided, that any such item which is available on the EDGAR system need not be furnished in physical form.

(g) Promptly deliver to each Holder (upon the request of such Holder, without charge, which may be delivered via email or facsimile), as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request in connection with resales by the Holder of Registrable Securities. Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) The Company shall cooperate with any broker-dealer through which a Holder proposes to resell its Registrable Securities in effecting a filing with the FINRA Corporate Financing Department pursuant to FINRA Rule 2710, as requested by any such Holder, and the Company shall pay the filing fee required by such filing within two (2) Business Days of request therefor.

(i) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that (1) the Company shall not be required to register the Registrable Securities in any jurisdiction wherein an exemption from registration is reasonably available and (2) the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(j) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(k) Upon the occurrence of any event contemplated by Section 3(d)(ii)-(vi), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(k) to suspend the availability of a Registration Statement and Prospectus, subject to the payment of partial liquidated damages pursuant to Section 2(b), for a period not to exceed 60 days (which need not be consecutive days) in any 12 month period.

(l) Comply with all applicable rules and regulations of the Commission.

(m) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the Shares.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses) (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (B) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (C) if not previously paid by the Company in connection with an Issuer Filing, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities pursuant to FINRA Rule 2710, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, shareholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, or (2) any violation or alleged violation by the Company of the Securities Act, Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). The Company shall promptly notify Placement Agent and the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in such Registration Statement or such Prospectus or (ii) to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party, provided that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is judicially determined to be not entitled to indemnification hereunder.

(d) Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, shall be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) Intentionally Omitted.

(c) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

(d) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as it practicable.

(e) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the stock option or other employee benefit plans, then the Company shall send to each Holder a written notice of such determination and, if within ten days after the date of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered; provided, however, that, the Company shall not be required to register any Registrable Securities pursuant to this Section 6(e) that are eligible for resale without volume and manner-of-sale restrictions pursuant to Rule 144, and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, or that are the subject of a then effective Registration Statement.

(f) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and a majority of the Holders of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(g) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights (except by merger) or obligations hereunder without the prior written consent of all of the Holders of the then-outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(i) Intentionally Omitted.

(j) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

(k) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(l) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(m) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(n) Headings. The headings in this Agreement are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof.

(o) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

(p) Omnibus Signature Page. With respect to the Purchasers, this Agreement is intended to be read and construed in conjunction with the Purchase Agreement. Accordingly, pursuant to the terms and conditions of this Agreement and such related agreements, it is hereby agreed that the execution by any Purchaser of the Purchase Agreement, in the place set forth therein, shall constitute his/her agreement to be bound by the terms and conditions hereof and the terms and conditions of the Purchase Agreement and this Agreement, with the same effect as if each of such separate but related agreements were separately signed.

[signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

INTELLINETICS, INC.

See Omnibus Signature Pages for the Company's Signature

PURCHASER

See Omnibus Signature Pages for Purchasers' Signatures

Plan of Distribution

Each Selling Stockholder (the "Selling Stockholders") of the common stock and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock on the OTCQB or any other stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act of 1933, as amended (the 'Securities Act"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

In connection with the sale of the common stock or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The Selling Stockholders may also sell shares of the common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the Common Stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be "underwriters" within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the Selling Stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

Annex B

INTELLINETICS, INC.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of common stock, par value $.001 per share (the "Common Stock"), of Intellinetics, Inc., a Nevada corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement, dated as of _____, 2020 (the "Registration Rights Agreement"), among the Company and the Purchasers named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling securityholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Securityholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

_____

(c) Full Legal Name and Title of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

2. Address for Notices to Selling Securityholder:

_____
_____
_____
Telephone:_____
Fax:_____
Email:_____
Contact Person:_____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes [ ] No [ ]

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company.

Yes [ ] No [ ]

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes [ ] No [ ]

(d) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes [ ] No [ ]

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Securityholder:

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: Beneficial Owner:

By:
Name:
Title:

PLEASE E-MAIL A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:

Intellinetics, Inc.
2190 Dividend Drive
Columbus, OH 43228
Contact: Joseph D. Spain, President and Chief Executive Officer
Email: jspain@intellinetics.com

CERTAIN INFORMATION HAS BEEN EXCLUDED BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

STATE OF MICHIGAN
ENTERPRISE PROCUREMENT

Department of Technology, Management & Budget
525 W. Allegan, Lansing, MI 48913
P.O. Box 30026, Lansing, MI 48909

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. 171 180000000749
between
THE STATE OF MICHIGAN
and

CONTRACTOR	
	Graphic Sciences, Inc.
	1511 E. Lincoln Ave.
	Madison Heights, MI 48071
	Greg Colton, President
	[redacted]
	[redacted]
	CV0032057

STATE		
	Jessie Weston	DTMB RMS
	[redacted]	
	[redacted]	
	Brian Fairbrother	DTMB
	[redacted]	
	[redacted]	

CONTRACT SUMMARY

DESCRIPTION: Statewide Digital Imaging and Microfilm Services

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
6/1/2018	5/30/2023	2	N/A

PAYMENT TERMS	DELIVERY TIMEFRAME
1% / 15 Net 45	See Section 2.1, Delivery

ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
☐ P-card	☐ Direct Voucher (DV)	☐ Other	☒ Yes	☐ No

MINIMUM DELIVERY REQUIREMENTS

N/A

MISCELLANEOUS INFORMATION

N/A

ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION	$43,562,157.20

FOR THE CONTRACTOR:

Graphic Sciences, Inc
Company Name

Gregory P Colton
Authorized Agent Signature

Gregory P. Colton
Authorized Agent (Print or Type)

5/11/2018.
Date

FOR THE STATE:

Signature

Jared Ambrosier, Director of Enterprise Sourcing

DTMB Procurement

5-22-18
Date

STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Graphic Sciences, Inc. (**Contractor**"), a Michigan Corporation. This Contract is effective on June 1, 2018 ("**Effective Date**"), and unless terminated, expires on May 30, 2023.

This Contract may be renewed for up to two additional one-year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the "**Contract Activities**"). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

   Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Schedule A.

   Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

   Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Brian Fairbrother 525 W. Allegan St. Lansing, MI 48933 [redacted]	Greg Colton, President 1511 E. Lincoln Ave. Madison Heights, MI 48071 GregC@gsiinc.com 248.549.6600

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a "**Contract Administrator**"):

State:	Contractor:
Brian Fairbrother 525 W. Allegan St. Lansing, MI 48933 [redacted]	Greg Colton, President 1511 E. Lincoln Ave. Madison Heights, MI 48071 GregC@gsiinc.com 248.549.6600

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a "**Program Manager**"):

State:	Contractor:
Jessica Weston 3400 N. Grand River Ave. Lansing, MI 48909 [redacted]	Greg Colton, President 1511 E. Lincoln Ave. Madison Heights, MI 48071 GregC@gsiinc.com 248.549.6600

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimal Limits: $1,000,000 Each Occurrence Limit $1,000,000 Personal & Advertising Injury Limit $2,000,000 General Aggregate Limit $2,000,000 Products/Completed Operations Deductible Maximum: $50,000 Each Occurrence	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 0. Coverage must not have exclusions or limitations related to sexual abuse and molestation liability.
Umbrella or Excess Liability Insurance	
Minimal Limits: $5,000,000 General Aggregate	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds.
Automobile Liability Insurance	
Minimal Limits: $1,000,000 Per Occurrence	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	

Minimal Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimal Limits: $500,000 Each Accident $500,000 Each Employee by Disease $500,000 Aggregate Disease.	
Privacy and Security Liability (Cyber Liability) Insurance	
Minimal Limits: $1,000,000 Each Occurrence $1,000,000 Annual Aggregate	Contractor must have their policy: (1) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds; and (2) cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
Minimal Limits: $1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as Loss Payees.
Professional Liability (Errors and Omissions) Insurance	
Minimal Limits: $3,000,000 Each Occurrence $3,000,000 Annual Aggregate Deductible Maximum: $50,000 Per Loss	
Medical Malpractice Insurance	
Minimal Limits: $1,000,000 Each Occurrence $3,000,000 Annual Aggregate Deductible Maximum: $5,000 Each Occurrence	
Property Insurance	
Environmental and Pollution Liability (Errors and Omissions)	
Minimal limits: $1,000,000 Each Occurrence $2,000,000 Annual Aggregate	Contractor must have their policy: (1) be applicable to the work being performed, including completed operations equal to or exceeding statute of repose; (2) not have exclusions or limitations related to Transportation (upset overturn, spills during loading or unloading, Hazardous Materials Handling, and Non Owned disposal site liability; and (3) endorsed to add "the State of Michigan, its departments, division, agencies, offices, commissions, officers, employees, and agents" as additional insured.

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is canceled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. **Administrative Fee and Reporting.** Contractor must pay an administrative fee of 1% on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made by check payable to the State of Michigan and mailed to:

   Department of Technology, Management and Budget
   Cashiering
   P.O. Box 30681
   Lansing, MI 48909

   Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to DTMB-Procurement.

   The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

8. **Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at www.michigan.gov/mideal. Upon written agreement between the State and Contractor, this contract may also be extended to: (a) State of Michigan employees and (b) other states (including governmental subdivisions and authorized entities).

   If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions. To utilize this service, agencies and MiDeal members must contact Jessie Weston, Program Manager, (517) 335-9145, westonj2@michigan.gov from DTMB Office of Support Services and Record Management.

   Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to

the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation, and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.

12. **Background Checks.** Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.

13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.

14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

    In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.

16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

    Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

    If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging becomes the State's exclusive property upon acceptance.

18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities, Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.

19. **Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in Schedule A. If the Contract Activities do not function as warranted during the warranty period the State may return such non-conforming Contract Activities to the Contractor for a full refund.

20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

    The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

    The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at http://www.michigan.gov/SIGMAVSS to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. **Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in Schedule A.

22. **Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

23. **Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

    If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to

have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

24. **Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

25. **Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.

26. **General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

27. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

28. **Limitation of Liability.** The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

29. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

30. **State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes.

31. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

    a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

    b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.

d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

32. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain, and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

33. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes;(h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A

breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

34. **Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

35. **Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.

36. **State Printing.** All printing in Michigan must be performed by a business that meets *one* of the following: (a) have authorized use of the Allied Printing Trades Council union label in the locality in which the printing services will be performed; (b) have on file with the Michigan Secretary of State, a sworn statement indicating that employees producing the printing are receiving prevailing wages and are working under conditions prevalent in the locality in which the printing services will be performed; or (c) have a collective bargaining agreement in effect and the employees are represented by an operations that is not influenced or controlled by management.

37. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, marital status, or mental or physical disability. Breach of this covenant is a material breach of this Contract.

38. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.

39. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

40. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

41. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

42. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

    Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely, or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a

determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

43. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.

44. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.

45. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and expressly incorporated schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

46. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.

47. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.

48. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

49. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "**Contract Change Notice**"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

SCHEDULE A
STATEMENT OF WORK
CONTRACT ACTIVITIES

BACKGROUND
The Department of Technology, Management and Budget (DTMB), Logistics and Operations Support (LOS), Records Management Services (RMS) will manage the creation, maintenance, preservation and disposition of the records of all State Agencies. RMS is also responsible for assisting local governments who are registered MiDEAL members with their records management needs.

State Agencies and local governments may, under certain conditions, choose to convert recorded information to microfilm and/or digital image format. Request for microfilm or digital imaging conversion of State records originate within the individual offices of the various State Agencies. To assure that all administrative, fiscal, legal and historical needs of State Government are provided efficiently and cost-effectively, all requests must be submitted to DTMB, RMS for approval. No microfilming or digital imaging is to be done by this Contractor without prior approval. Local government agencies that choose to utilize this Contract must do so under the same terms and conditions as State Agencies.

Many State Agencies and local governments that require microfilm and digital imaging do not have their own imaging capabilities, or they do not possess the resources to perform large back file conversions. They rely, instead, upon another source to provide that service. Providing for the needs of State Agencies on a centralized basis involves a full range of microfilm and imaging services, including but not limited to the operation of microfilm cameras, processors, duplicators, paper scanners, microfilm/fiche scanners, CD-R/DVD drives, various digital media recording devices, and other equipment to convert recorded information to microfilm and/or digital images. Additionally, State Agencies and local governments may require the processing of digital images submitted to the state via fax, email or other electronic submission into a form and order acceptable to the state, including but not limited to insertion of file separator and document separator sheets, cloning documents, and indicating which sections of documents are to be used. Turnaround time for job production ranges from same day to several weeks, depending upon the individual job requirements.

SCOPE
The Contractor must provide microfilm, imaging, document preparation, and storage services on an as-needed basis.

REQUIREMENTS
It is the responsibility of the Contractor to advise the requesting State Agency and RMS regarding the best method for obtaining the most favorable product. The Contractor must assist the requesting State Agency in identifying techniques that can be deployed to reduce the cost of conversion, including indexing and its associated costs. As the Program Manager for this contract, DTMB Records Management Services must approve all contract changes and change orders prior to their execution. All vendor complaints and requests for contract changes or related services must be directed to DTMB Records Management Services for resolution or escalation to Complaint to Vendor.

The following is a preliminary analysis of the major tasks involved for developing the end-product of this project. The Contractor is not constrained from supplementing this list with additional steps, sub tasks, or elements deemed necessary to permit the economically feasible development of alternative approaches, or the application or proprietary analytical techniques or production methods.

1. General Requirements
All services performed under this Contract must be housed and staffed within the State of Michigan. The Contractor must build all necessary quality control mechanisms in the production process in order to ensure the desired result.

IT State Standards
The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dmb/0,4568,7-150-56355-108233--,00.html.

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see http://michigan.gov/cybersecurity/0,1607,7-217-34395_34476---,00.html. All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

Contractor is not authorized to make changes to any State systems without prior written authorization from the State's Project Manager. Any changes Contractor makes to any State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration standards.

1.1. Product Specifications
1.1.1 Imaging
The Contractor must provide the following:

1. Scan from a variety of microfilm and paper formats and sizes to digital images.
2. Produce microfilm backup to digital images as needed or requested by State Agency.
3. Perform indexing of digital images and/or microfilm backups to digital images.
4. Perform preparation of documents to be scanned.
5. Perform image-finishing services on scanned images as needed or requested by State Agency.
6. Provide pickup and delivery services.
7. Provide compatible viewer or reader if requested by State Agency.
8. Perform customer programming functions related to document imaging as needed.
9. Perform Optical Character Recognition (OCR) image conversion to text as needed in straight text formats as well as Adobe Acrobat PDF.
10. Label all media returned with State Agency identification and content identification.
11. At a minimum, support image conversion to TIFF, JPEG, PDF, and PDF/A formats.
12. Assist the State Agency by developing an Authorized Ordering Document.
13. Advise the State Agency and RMS regarding the best method for obtaining the most favorable image.
14. Provide on-site equipment, staff, and scanning services to an Agency on occasion as needed. Adjustments must be made through this Contract for these services to be provided, on an as-needed/requested basis.
15. Assist the State Agency in identifying techniques that can be deployed to reduce indexing.
16. Produce images and import data structures compatible with, but not limited to, the following: FileNet P8 IBM Content Collector, FileNet Bulk Load Utility, IBM Datacap 9, and HPE CM DataPort 9.1.

1.1.2. Digital Imaging Specific Requirements

1. Digital images created under this Contract must meet the State Standards for capturing Digital Images from Paper or Microfilm unless otherwise specified in an Authorized Ordering Document which implicitly states that the standards are not being met per the agreement of the Contractor, RMS, and the Agency.
2. All images must be provided by the Contractor right-side-up unless otherwise specified in the Authorized Ordering Document.
3. Unless otherwise agreed to in an Authorized Ordering Document, after records have been imaged, the Contractor must retain the source documents and all associated product images and data for a minimum of 30 days, but not to exceed 60 days, in an organized, safe and secure manner until authorized to deliver back to Records Center, the Agency or the State Archives final disposition. During this time, the Contractor must maintain the same security and confidentiality measures over the records as described in the security portion of this Contract.

4. The Contractor will not retain any source materials or any copies produced by the Contractor, in digital or microfilm form, for six months beyond the quality assurance period set out in the Authorized Ordering Document unless otherwise specified in the Authorized Ordering Document.
5. The Contractor will provide regional scanning operations to serve the northern Lower Peninsula (Traverse City region) and the Upper Peninsula (Iron Mountain region) if required by a State Agency for mail-order operations that are time-sensitive due to laws and regulatory requirements. Costs for such operations will be billed as 1) monthly operating cost for scanning of up to 5,000 envelopes daily for the first year, with anticipation of the vendor recouping any start-up costs; 2) monthly operating cost for scanning of up to 5,000 envelopes daily past the first year; and 3) per-image cost for scanning of envelopes beyond the 5,000 daily threshold. If the vendor establishes such regional scanning operations solely for one project, there will be a 12-month commitment from the State Agency for the first year.

1.1.3. Microfilm

The Contractor must provide the following:

1. Perform microfilm creation and processing from a variety of paper formats and sizes including:
    a. 16mm roll (unless otherwise specified in an Authorized Ordering Document, all 16mm roll film must contain single level blips)
    b. 16mm jacket
    c. 35mm roll
    d. 35mm aperture card
    e. 105 step and repeat
2. Process 16mm and 35mm roll film created by a State Agency.
3. Perform silver and diazo duplication of 16mm roll, 16mm jacket, 35 mm roll, 35 mm aperture card, and 105 microforms.
4. Perform indexing of microfilm images.
5. Perform preparation of documents to be microfilmed.
6. Provide pickup and delivery services.
7. Perform custom programming functions related to indexing of microfilmed images as needed.
8. Label all media returned with State Agency identification and content identification.
9. Perform inspection, splicing, repair and restoration of various microforms.
10. Assist the State Agency by developing a project Authorized Ordering Document.
11. Advise the State Agency and RMS regarding the best method for obtaining the most favorable image.
12. Provide on-site equipment, staff, and microfilm services to a State Agency, on occasion, as needed. Adjustments must be made throughout the life of the Contract for these services on an as-needed/requested basis.
13. Assist the State Agency by identifying techniques and/or processes that can be deployed to reduce indexing and overall project costs.

1.1.4. Microfilm Specific Requirements

1. Microfilm created under this Contract must meet the State Standards for Capturing Microfilm from Paper or the State Standards for Capturing of Microfilm from Digital Image unless otherwise specified in an Authorized Ordering Document which implicitly states that the standards are not being met per the agreement of the Contractor, RMS, and the Agency.
2. The State reserves the right to periodically verify the nonaffiliated test laboratory results by submitting selected and testable original Contractor film to a testing laboratory of its own choosing. The State will pay for this additional laboratory testing conducted at its request.
3. The Contractor must inspect the microfilm for fogged, blurred, scratched or overlapped images, faulty splicing, and for any other defects in its finished product. Improperly filmed records must be re-filmed with no more than three retakes permitted per roll and with no more than one splice per roll. Any splice must be placed at the end of the roll with a proper notation on the container label.
4. The original and diazo film produced by the Contractor is subject to selection for testing by RMS for adherence to applicable standards and quality requirements.

5. Finished silver roll film must be returned to the State in plastic containers. Diazo duplications of roll film must be returned in cardboard containers. Silver duplicates must be returned in acid-free cardboard container. Microfiche must be packaged in acid-free envelopes. Originals and diazo copies must not be joined together in the same envelope or wrapped together in same package.
6. The Contractor must fill out a quality control sheet for each roll processed indicating the resolution, density, D-min and D-max of that roll. The cost for charting for film produced by the Contractor must be included in the filming and/or processing cost.
7. The Contractor must perform weekly (or as necessary for current production volumes) testing of processed silver negatives to verify that they meet the Michigan Standards for Capturing Microfilm from Paper and the Michigan Standards for Capturing Microfilm from Digital Images. The vendor must retain certification test results and provide them upon request to the State. The Contractor must maintain sufficient information to identify all rolls of film run on a particular batch to be able to contact the Agency should a batch fail testing.
8. Failure to consistently perform testing, or failure to consistently meet the requirements, may result in cancellation of the Contract.
9. The Contractor must have Microfilm lab certification or oversite agreement from a major microfilm manufacturer.
10. Unless otherwise agreed to in the Authorized Ordering Document, after records have been microfilmed, the Contractor must retain the source documents and all associated product data for a minimum of 30 days, but not to exceed 60 days, in an organized, safe and secure manner until authorized to deliver back to Records Center, the Agency or the State Archives for final disposition. During this time the Contractor must maintain the same security and confidentiality measures over the records as described in the security portion of this Contract.
11. The Contractor will not retain any source materials or any copies produced by the Contractor, in digital or microfilm form, for six months beyond the quality assurance period set out in the Authorized Ordering Document unless otherwise specified in the Authorized Ordering Document.

1.1.5. Job Setup

1. The Agency, Contractor and Program Manager must agree and sign an Authorized Ordering Document for each job/application prior to any production being performed.
2. The Contractor must develop the Authorized Ordering Document based on a template provided by the Program Manager. The Authorized Ordering Document must contain all information necessary to identify all billable tasks and other information necessary to obtain the desired output. The Authorized Ordering Document must include, but must not be limited to, the following:
    a. State Agency Information (including billing/budget codes)
    b. Contact information
    c. Purpose of the project
    d. Scope and objective of the project
    e. Pickup and delivery schedule
    f. Sample for test methods and results (including quality attributes)
    g. Document preparation specifications
    h. Document scanning and/or filming specifications
    i. Indexing specifications
    j. Product finished and labeling specifications
    k. Quality control specifications
    l. Quantitative cost estimate and line item detail
    m. Any other information deemed relevant to the project
3. RMS will retain the final signed and approved Authorized Ordering Document. Any changes to the Authorized Ordering Document after production begins must be agreed upon in writing by the Agency, Contractor, and RMS and filed with the Authorized Ordering Document. Changes in the production process that have a quality or financial impact requires an addendum to the Authorized Ordering Document.

1.1.6. Work Submission Process Requirements

1. The Agency must submit requests for service to RMS or the Contractor via phone or email.

2. The Agency, Contractor and RMS must jointly develop a strategy to produce the desired product and/or recommend alternatives.
3. The Contractor must provide test samples of desired product including cost estimates.
4. RMS must create an Authorized Ordering Document for review and approval by the Agency and the Contractor.
5. The Agency, Contractor and RMS must sign the Authorized Ordering Document.
6. The Agency must submit a completed job order form with the source document materials to the Contractor. The Contractor must convert the form and materials. At minimum, the job order must contain the following information:
    a. Department
    b. Division
    c. Address
    d. Authorized Ordering Document number
    e. Contact person and phone number
    f. Accounting codes as defined in the Authorized Ordering Document
    g. Disposition of source documents
    h. Description of materials received by the Contractor and pickup date
7. The Contractor must ensure that all necessary information is contained on the Job Order prior to pick up.
8. The Contractor must coordinate the pickup and delivery of materials and products in accordance with the Authorized Ordering Document.

1.1.7. Data Entry and Security Requirements

1. Providing microfilm and digital image capture services may require the Contractor to provide data entry services to support existing systems. The data entered must be formatted to be easily imported into the Agency system. Sorting and formatting of specific fields may be required for some applications.
2. All data entry must be verified with a guaranteed accuracy rate greater than 99.5 percent or as otherwise specified in an Authorized Ordering Document. The Contractor must maintain standard operating procedures that enable them to meet this accuracy requirement.
3. Imaging application projects may require the ability to transmit data and images via Virtual Private Network (VPN), private switched circuit, encrypted email attachment, or any other state-approved communication technology. The Contractor must have the ability and technical expertise to facilitate the establishment and management of these transmission mechanisms.
4. All State costs associated with creation and management of transmission mechanisms will be incurred by the State. Costs associated with the Contractor's equipment or resources necessary to make the proper connections will be incurred by the Contractor.

1.1.8. Barcode Recognition Requirements

The Contractor must be able to utilize various barcode formats including but not limited to two-dimensional barcodes for indexing of scanned documents.

1.1.9. Import Utilities Requirements

The Contractor must have image capture software and the technical expertise to produce import files for software products common to the document imaging industry. Specifically, the Contractor must have the capability, knowledge and applicable expertise to provide file structures to support the following applications: FileNet P8 IBM Content Collector, FileNet Bulk Utility, Microsoft Access, Microsoft Excel, IBM Datacap 9, HPE CM DataPort 9.1, and delimited text files.

The Contractor may offer an alternate bid that varies from the specifications. An alternate bid must clearly describe all variances from the specifications and the proposal must include descriptive literature that contains complete specifications, if available.

1.2. Warranties
Each Authorized Ordering Document provides the Agency with an inspection period in order to verify the accuracy and completeness of the delivery. Additionally, each Authorized Ordering Document contains a quality assurance attachment that describes the process the Agency should follow in order to perform their own QA testing. If in the defined inspection period the Agency detects an error, GSI will fix or repair any faulty, inaccurate or incomplete work at no cost to the Agency.

1.3. Quality Assurance Program
In addition to the quality control steps built into each production step Graphic Sciences will also perform a Quality Assurance examination of each completed job prior to the delivery of the job. The Quality Assurance examination process will be built on the principles provided in ANSI/ASQC Z1.4-1993, formerly known as Mil Standard 105.

1.4. Incentives
The Contractor is responsible for delivering the product in a manner acceptable to both the Agency and RMS. If at any time it is determined that corrections, which are the responsibility of Graphic Sciences, Inc. are required to any product that has been delivered the corrections will be made at no cost to the State.

1.5. Penalties
The State may leverage a penalty of 1 percent of the total job cost for each day that a job is delivered late or that the source material is returned late according to the timelines defined in the Authorized Ordering Document. The State may leverage a penalty of 10 percent of the total job cost for any invoices submitted more than 30 business days later than final delivery of a product. The State may leverage additional penalties that may be defined in the individual Authorized Ordering Document for failure to deliver jobs on time or according to the specifications or any other factor necessary to meet the business requirements.

2. Service Level Agreements
The Contractor agrees to the attached Contract Monitoring Plan.

2.1. Delivery
The Contractor must provide its own courier service. This service must not be contracted to a third party without written consent of the State. Specific jobs must be picked up and returned to the State Records Center located at 3400 N Grand River Ave, Lansing, Michigan, or directly from the Agency location. Pickup direct from the Agency is the preferred method. There must be no charge for pickup and delivery from Agencies. If the Contractor is proposing any pickup or delivery charges, they must be identified in the Authorized Ordering Document and agreed upon by the State.

The Contractor must schedule daily pickup and delivery services at the State Records Center. The Contractor must also schedule daily pickup and delivery services for the various Agencies in need of daily service.

2.2. Reserved

2.3. Technical Support and Repairs
The Contractor will provide technical support for the products and services Monday through Friday from 8 AM through 5 PM and can be reached at 800-397-6620.

2.4. Reserved

2.5. Reporting
The Contractor must create and provide weekly production reports via email in Excel spreadsheet format which must contain, but may not be limited to: pickup date, Authorized Ordering Document number, job number, customer, number of boxes/media, completion date, delivery date, box return date, return date,

and return location. The job number and relevant information must remain on the report until six months after all source documents, products, and by-products have been returned to the State.

The Contractor must submit written monthly summaries of progress which outline items such as pending Authorized Ordering Documents; status of current jobs in production; accomplishments; and problems, real or anticipated, which must be brought to the attention of RMS. The Contractor must notify RMS of any significant deviation from previously agreed-upon work plans, as well as the affected Agency.

The Contractor may be required to produce other regular report for specific jobs per the Authorized Ordering Document.

2.6. Meetings
The State may request meetings as it deems appropriate.

3. Staffing
3.1. Contractor Representative
The Contractor must appoint one Project Manager specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least five (30) calendar days before removing or assigning a new Contractor Representative.

3.2. Key Personnel
The Contractor must appoint one (1) Project Manager and one (1) Assistant Project Manager who will be directly responsible for the day to day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 48 hours.

Project Manager
Gregory Colton – President
GregC@gsiinc.com
248-549-6600

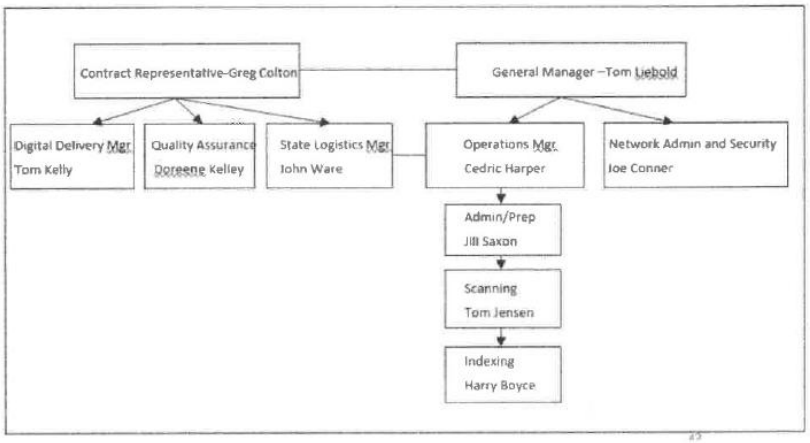
Contractor's Key Personnel must be available during the following times: 8am-5pm EST.

The Contractor may not remove or assign Key Personnel without the prior consent of the State. Prior consent is not required for reassignment for reasons beyond the Contractor's control, including illness, disability, death, leave of absence, personal emergency circumstances, resignation, or termination for cause. The State may request a résumé and conduct an interview before approving a change. The State may require a 30 calendar day training period for replacement personnel.

The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

3.3. Non-Key Personnel
The Contractor must notify the Contract Administrator at least 30 calendar days before removing or assigning non-key personnel.

3.4. Organizational Chart
The Contractor has provided the following organizational chart:



3.5. Customer Service Toll-Free Number
The Contractor must specify its toll-free number for the State to make contact with the Contractor Representative. The Contractor Representative must be available for calls during the hours of 8 am to 5 pm EST on State business days. The toll-free number is 800-397-6620.

3.6. Technical Support, Repairs and Maintenance
The Contractor must specify its toll-free number for the State to make contact with the Contractor for technical support, repairs and maintenance. The Contractor must be available for calls and service during the hours of 8 am to 5 pm EST on State business days. The toll-free number is 800-397-6620.

3.7. Disclosure of Subcontractors
If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.

The relationship of the subcontractor to the Contractor.

Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

A complete description of the Contract Activities that will be performed or provided by the subcontractor.

3.8. Security
The Contractor will be subject the following security procedures:

1. No records or information may be transferred outside the State of Michigan.
2. No external sources may have access to records or information.
3. The location of all record and information storage must be provided to the State.
4. Records and information must be protected from damage or exposure during storage and transit.
5. All staff must take annual confidentiality training and sign a certification.

6. Any staff regularly entering state buildings (analysts and drivers) will need state-issued ID badges.

The Contractor must take the required security measures to ensure the security of State facilities.

The Contractor's staff may be required to make deliveries to or enter State facilities. The contractor must: (a) ensure the security of State facilities, (b) use uniforms and ID badges, etc., (c) identify the company that will perform background checks, and (d) the scope of the background checks. The State may require the Contractor's personnel to wear State issued identification badges.

Records and information are essential to the operation of State government and must be protected from vandalism, theft, unauthorized duplication, loss, damage or destruction while in the possession of the Contractor. Records to be imaged or microfilmed may contain confidential information that is prohibited by statue from disclosure. Under no circumstances, unless specifically approved in a current Authorized Ordering Document, must any records or information, regardless of format, content or structure, be transferred outside the State of Michigan. Furthermore, the Contractor must not allow any external sources, including off-shore or out-of-State staff, subcontractors, or consultants, regardless of physical location or employment status, to gain access to State records, microfilm, digital images, indexes, or other information generated as a result of this Contract without the specific written consent of the Agency and the Program Manager. The location of all storage (physical and digital), processing, production, server room, backup facilities, etc., used to fulfill this Contract, must be provided to the State.

The Contractor must provide safe handling, confidentiality and security over all paper records, microfilm, digital images, indexes, and/or other digital information generated as a result of this Contract while in the Contractor's possession, including providing periodic backups of production work. This covers the period of time from when the microfilm or source documents leave the State office of origin until such time as the finished product is returned back to the designated Agency. This also includes the time during which the paper or microfilm records are being held after they have been converted, until they are destroyed or returned back to the State. The Contractor is held fully liable in the event of loss, damage, theft or destruction of any paper records or information contained on the microfilm or digital images, while in the Contractor's possession. Any cost incurred by the State, including the cost to recreate or recover lost, damaged or destroyed records, is the responsibility of the Contractor.

All external media used to transfer, or store State records must be encrypted to the current State standards as published by the Department of Technology, Management and Budget. The Contractor must maintain appropriate documentation and/or standard operating procedures in regard to all aspects of security measures outlined in this section throughout the term of this Contract and must provide a copy of all such documents to the Program Manager upon request.

The Contractor is subject to announced and unannounced security audits and site inspections after the start date of this Contract.

The Contract must enable records in the Contractor's possession to be retrieved by the Agency.

Upon request for a record to be retrieved, the Contractor must deliver the requested record(s) to the Agency from which they originated by the following workday, or the Contractor must allow a designated representative of the requesting Agency to come to the Contractor's facility and retrieve the record(s) within two hours of being notified unless otherwise specified in the Authorized Ordering Document.

The Contractor must release the requested records only to an authorized representative of the requesting Agency. The Contractor must require positive identification, such as a driver's license, State identification, or a pre-determined identification code of the person receiving the record(s) before the record(s) are released. Under no circumstances is the Contractor to release any records or information to any person other than those authorized by the Agency.

3.8.1. Physical Security
All records must be protected from damage or exposure from the elements during storage and transit. Vehicles used for transportation of source materials or final productions must be maintained in good working condition and must remain locked at all times while transporting State materials. Transportation vehicles must not be used for storage purposes temporary or otherwise. At the end of a pickup or delivery, all State source or production materials must be maintained within the Contractor's secured building.

When records are in the possession of the Contractor, and not in actual production, they must be maintained in a secure room that is separate from the production area. The Contractor must permit random unannounced visits by RMS to monitor security measures in place.

All processing and storage areas for State records must have two locked doors at all entry points accessible only to authorized staff via key, access badge, keypad or other security measure. All buildings being used for processing or storage of State records must have a security system that is armed when staff is not present.

3.8.2. Network/Data Security
To protect the confidentiality, integrity, privacy and regulatory issues of the State and the citizens for which it serves, the Contractor must have in place the tools, practices, policies, procedures and other mechanisms to ensure a security network environment. Specifically, the Contractor must employ firewalls and other access controls, intrusion detection, anti-virus software and any other necessary controls to ensure a secure network environment.

The Contractor must monitor attacks upon its network systems and report to the Program Manager any and all attacks that appear to be deliberate attempts to access State images or data.

The Contractor must maintain current patch levels on software used in association with the Contract.

The Contractor must create and maintain backup data for all production materials for no less than 30 days and no later than 60 days after delivery of the final product, unless otherwise specified in the Authorized Ordering Document. Backups must be created and maintained in a way that ensures full restoration can be achieved on any job order during the full length of time the Agency is allowed for quality inspection purposes. The Agency is allowed 30 days for quality inspection purposes unless otherwise specified in the Authorized Ordering Document.

If the Contractor utilizes a third part for backup tape storage and protection, all backup tapes containing State-owned data must be stored and maintained in Michigan and must be encrypted. Otherwise, proper physical security measures must be employed as described in the Physical Security Section of this Contract.

4. Pricing
4.1. Price Term
Pricing is firm for the entire length of the Contract.

5. Ordering
5.1. Authorizing Document
The appropriate Authorizing Document for the Contract will be Delivery Order Form (DO) or Delivery Purchase Order (DPO).

5.2 Order Verification
The Contractor must have internal controls, approved by DTMB-Procurement, to verify abnormal orders and to ensure that only authorized individuals place orders.

6. Delivery
6.1. Delivery Programs

The Contractor agrees to make pickups within 24 hours of an authorization request.

In the event of an emergency the Contractor agrees to return a requested record within 2.5 hours of the request.

6.2. Packaging and Palletizing
Packaging must be optimized to permit the lowest freight rate. Shipments must be palletized whenever possible using manufacturer's standard 4-way shipping pallets.

7. Acceptance
7.1. Acceptance, Inspection and Testing
Unless otherwise specified by an Agency and identified in the Authorized Ordering Document, the Contractor must inspect a minimum of 10 percent, by random sample, of each batch for image alignment, readability, contrast, overlapped images, data entry accuracy, and other defects in the finished product. Quality must be guaranteed with an accuracy rate greater than 99.5 percent or as otherwise specified in the Authorized Ordering Document. Failure to meet the accuracy rates specified, or quality expectations defined in the Authorized Ordering Document, must result in a complete re-processing of the batch at no additional cost to the State. A batch must be defined as a specific pickup. If a pickup is exceptionally large, for the purposes of inspection, the job must be broken into smaller, more manageable batches as defined in the Authorized Ordering Document.

Failure to maintain consistent quality microfilm will result in cancellation of the Contract. The Program Manager retains final authority to determine whether the images are acceptable and if the records need to be re-filmed. The Contractor must complete the re-filming or other corrective action within 10 business days after being notified that re-filming is necessary, unless additional time is deemed warranted by RMS. The 30-days review period must start over at the re-delivery of the corrected project.

The Agency will notify the Contractor within 30 days if the microfilm product does not meet acceptable quality levels. If disapproved due to Contractor error, the Contractor must re-film or otherwise perform appropriate corrective action at no additional cost to the State.

The Agency will notify the Contractor within 30 days if the digital imaging product does not meet acceptable quality levels. If disapproved due to Contractor error, the Contractor must re-scan the entire batch or otherwise perform appropriate corrective action at no additional cost to the State.

7.2. Final Acceptance
RMS retains the final authority to determine whether the images are acceptable and if the records need to be re-scanned. The Contractor must complete the re-scanning or other corrective action within 10 business days after being notified that re-imaging is necessary, unless additional time is deemed warranted by RMS. The 30-day review period must start over at the re-delivery of the corrected product.

8. Invoice and Payment
8.1. Invoice Requirements
All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Payment terms are 1% / 15 Net 45.

8.2. Payment Methods
The State will make payment for Contract Activities by Electronic Fund Transfer (EFT).

8.3. Procedure
Deliverables are billed by the unit (scanned images, microfilm rolls, etc.); services such as data entry, document preparation and document processing are billed by the hour. The payment model should be fixed per-unit cost for deliverables and fixed per-hour cost for services.

9. Project Plan
The Contractor will carry out this project under the direction and control of the Program Manager. Within 30 calendar days of the Effective Date, the Contractor will submit a project plan to the Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

The Contractor must create and provide uniquely numbered job order forms approved by RMS. The job order forms must be four-part Non-Carbon Reproduction (NCR forms) containing Agency contact information, billing code information, disposition of documents, description of source materials received by the Contractor and product and delivery information. A form sample will be provided to the Contractor for replication purposes.

10. Licensing Agreement
The Contractor will maintain licensing agreements with various companies for software and services required to perform the variety of services we offer. There are no licensing agreements between the Contractor and the State of Michigan for purposes of executing the services.

11. Liquidated Damages
Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of $5,000 and an additional $100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

Unauthorized Removal of Key Personnel will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, the State may assess liquidated damages against Contractor as specified below.

The State is entitled to collect $500 per individual per day for the removal of any Key Personnel without prior approval of the State.

The State is entitled to collect $500 per individual per day for an unapproved or untrained key personnel replacement.

12. Additional Requirements
The Contractor must maintain a second production site for any daily production work that meets critical business needs. The facility must be located a reasonable distance away from the primary facility so as to minimize the impact of weather or infrastructure related interruptions in service.

Graphic Sciences, Inc. will maintain a second site which is primarily dedicated to the storage of client records as a part of our document storage services offering. The building is located at 12975 Oakland Park Blvd, Highland Park, Michigan. The facility is approximately 22,000 square feet X 24 feet high. The building is fully secured, monitored for intrusion, smoke detection, fire detection and is on a constantly ON video surveillance system. Video is captured both at the entrance to the facility and throughout the interior of the facility. No State of Michigan records, documents or materials of any kind are housed in this facility. In the event that the production operation located at 1551 E. Lincoln Ave, Madison Heights, MI. were to become inoperable for an extended period of time, GSI will transfer the necessary hardware, software and personnel to the secondary location in order to maintain deliveries of critical materials. This operation would be sustainable at critical delivery levels for a matter of weeks.

12.1. Environmental and Energy Efficient Products
The Contractor must identify any energy efficient, bio-based, or otherwise environmental friendly products used in the products. Contractor must include any relevant third-party certification, including the verification of a United States department of agriculture certified bio based product label.

12.2. Hazardous Chemical Identification
In accordance with the federal Emergency Planning and Community Right-to-Know Act, 42 USC 11001, *et seq.*, as amended, the Contractor must provide a Material Safety Data Sheet listing any hazardous chemicals, *as* defined in 40 CFR §370.2, to be delivered. Each hazardous chemical must be properly identified, including any applicable identification number, such as a National Stock Number or Special Item Number.

The Contractor must identify any hazardous chemicals that will be provided under the contract.

12.3. Mercury Content
Pursuant to MCL 18.1261d, mercury-free products must be procured when possible. The Contractor must explain if it intends to provide products containing mercury, the amount or concentration of mercury, and whether cost competitive alternatives exist. If a cost competitive alternative does exist, the Contractor must provide justification as to why the particular product is essential. All products containing mercury must be labeled as containing mercury.

12.4. Brominated Flame Retardants
The State prefers to purchase products that do not contain brominated flame retardants (BFRs) whenever possible. The Contractor must disclose whether the products contain BFRs.

13. Standards and Public Acts
The Contractor must comply with all relevant standards and public acts including but not limited to:

a. State of Michigan Standards for Capturing Digital Images from Paper or Microfilm
b. State of Michigan Standards for Capturing Microfilm from Paper
c. State of Michigan Standards for Capturing Microfilm from Digital Images
d. Social Security Number Privacy Act, PA 454 of 2004

The Contractor must understand and assist Agencies to implement microfilm and imaging systems that comply with the following:

e. State of Michigan Best Practices for Reproducing Public Records
f. State of Michigan Best Practices for Capturing Digital Images from Paper or Microfilm
g. State of Michigan Best Practices for Capturing Microfilm from Paper
h. State of Michigan Best Practices for Capturing Microfilm from Digital Images

The Contractor must conform to standards as adopted by the American National Standards Institute (ANSI), the Association for Information and Image Management (AIIM), and the International Standards Organization (ISO).

Contract Monitoring Plan

Introduction

Contract management is the process of actively managing State contracts to ensure compliance with the requirements of an executed contract. This section outlines and describes activities that are necessary for effective contract management.
Category Level and Monitoring Frequency
Category Level 3 – Annually

The State and Contractor agree to the following Contract Monitoring Plan.

Periodic Contract Monitoring

Contractor may be periodically monitored against the following.

a) Contract Monitoring Report Criteria
   a. Quality: Deliverables meet specifications
   b. Timeliness: Deliverables received on schedule
   c. Cost Control: Cost of Deliverables is at or below expected cost
   d. Staff Knowledge: Supplier staff knowledgeable
   e. Customer Service: Supplier staff helpful, prompt, and courteous
   f. Invoicing: Invoices are timely and accurate
   g. Overall Supplier Performance Rating

Deliverables

Deliverable	Deliverable Description
Digital conversion	Conversion of paper or microfilm to digital images
Microfilm conversion	Conversion of paper or digital images to microfilm or duplication of microfilm

Reports

Report	Reporting Description	Due Date
Weekly production report	This weekly report indicates the status of all jobs.	Every Friday
Monthly progress report	This monthly report addresses jobs under development or facing particular challenges, and how the vendor is resolving issues.	First working day of each month.

Monthly billing spreadsheet	This monthly report details all submitted invoices and deliverables for the month.	First Friday of each month

Service Level Agreements (SLA)

SLA	SLA Description
Forms	Job order forms will be in four-part non-carbon reproduction.
Security	The referenced physical security measures will be taken.
Equipment	The referenced equipment will be available and maintained.
Paperwork	The referenced paperwork must be maintained by the vendor on-site.
Policies & Procedures	The referenced policies and procedures must be maintained by the vendor on-site.
Information Technology	The reference IT requirements must be met by the vendor.
Meetings	The contractor must attend monthly meetings.

Invoices and Payments

Invoice and Payment Requirements

i. All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price.

Payment Methods

i. The State will make payment for Contract Activities by EFT (Electronic Fund Transfer)

Invoice/Payment Description	Invoice/Payment Frequency	Payment Method
The vendor will submit an invoice for each job.	Invoices are processed every two weeks.	The State will make payment for contract activities by EFT.

SERVICE PRICES HAVE BEEN OMITTED

STATE OF MICHIGAN

Contract No. 171 180000000749
Statewide Imaging and Digital Microfilm

SCHEDULE B
PRICING

Service	Measurement	Cost
105MM Diazo duplication	Image	[redacted]
105MM Fiche scanning high speed	Image	[redacted]
105MM Step and Repeat microfilming	Image	[redacted]
16MM 2.5 MIL	Unit	[redacted]
16MM 2.5 MIL Diazo duplication	Unit	[redacted]
16MM 2.5 MIL Silver duplication	Unit	[redacted]
16MM 5 Channel Jackets loaded and labeled	Image	[redacted]
16MM 5 MIL	Unit	[redacted]
16MM 5 MIL Diazo duplication	Unit	[redacted]
16MM 5 MIL Silver duplication	Unit	[redacted]
16MM Jackets	Image	[redacted]
16MM Planetary microfilming	Image	[redacted]
16MM Roll 5 mil microfilm scanning	Image	[redacted]
16MM Rotary All Types	Image	[redacted]
35MM Aperature Cards loaded and labeled	Image	[redacted]
35MM Aperature Cards scanning	Image	[redacted]
35MM Diazo duplication	Unit	[redacted]
35MM Engineer Drawings All Sizes microfilming	Image	[redacted]
35MM Roll film scanning	Image	[redacted]
35MM Roll or Aperture Cards prints	Image	[redacted]
35MM Silver duplication	Unit	[redacted]
3M Mags Supplied and Loaded	Unit	[redacted]
Additional Quality Control	Hourly	[redacted]
All Engineering Drawings Digital Scanning	Image	[redacted]
Box Storage By The Month	Unit	[redacted] ✓
CD-R Dupe	Unit	[redacted]
CD-R Master	Unit	[redacted]
Computer Run Time	Hourly	[redacted]
Custom Programming	Hourly	[redacted]
Data Entry	Hourly	[redacted]
Data Entry Heads Down	Keystroke	[redacted]
Decision Based Doc Prep	Hourly	[redacted]
Decision Based QC/Special Imaging	Hourly	[redacted]
Doc Prep	Hourly	[redacted]
Jackets Fiche 16MM Roll prints	Image	[redacted]

KODAK Type A ANSI Clip	Unit	[redacted]
OCR	Hourly	[redacted]
Per Linear Foot Digital Scanning	Foot	[redacted]
Silver 16MM Roll microfilm from digital images	Image	[redacted]
Up to 11 X 14 Digital Scanning	Image	[redacted]
Up to 5.5 X 8.5 Digital Scanning black & white	Image	[redacted]
Up to 5.5 X 8.5 Digital Scanning color	Image	[redacted]
Up to 8.5 X 14 Digital Scanning black & white	Image	[redacted]
Up to 8.5 X 14 Digital Scanning color	Image	[redacted]
White Envelopes	Unit	[redacted]
Remote scan location first year monthly operations (5,000 envelopes)	Monthly	[redacted]
Remote scan location post first year monthly operations (5,000 envelopes)	Monthly	[redacted]
Remote scan location per-image past 5,000 envelopes	Image	[redacted]

EXHIBIT 99.1

INFORMATION PROVIDED TO
POTENTIAL INVESTORS, COMPANY STOCKHOLDERS, AND COMPANY NOTEHOLDERS
ON A CONFIDENTIAL BASIS

GRAPHIC SCIENCES, INC.

The Acquisition

The acquisition of Graphic Sciences, Inc. ("GSI") ("GSI Acquisition") is intended to increase the Company's scale and cash flow. GSI has a long-standing and deep relationship with its biggest customer, the State of Michigan, and the Company believes there are strategic opportunities to cross-sell the Company's software offerings to the various subdivisions and agencies included in the GSI customer contract with the State of Michigan, as well as GSI's other customers. The totality of GSI's customer base complements and expands the Company's existing customer base with respect to industry, size, and document management needs. In addition, GSI maintains core capabilities in the scanning services business, which the Company believes will strengthen and complement the Company's recently expanded scanning service offerings.

The description of GSI herein contains forward-looking statements, including statements relating to the projected success of the GSI business, the projected financial results of the acquired GSI business, and the effect of the acquisition on the financial results of the Company. The foregoing description of the GSI Acquisition should be read in conjunction with the discussion of certain risks, uncertainties and other factors that may affect the Company, including above in the Section entitled "Risk Factors" and, in particular, the Section entitled "Risk Factors, Risks Related to the GSI Acquisition."

Services Offered

GSI's service offerings are as follows:

- Digital Scanning Services. These services include paper scanning, newspaper and microfilm scanning, microfiche scanning, aperture card scanning, drawing scanning, and book scanning. Most government files must be retained long term or permanently, making such clients a prime candidate for digital conversion. There are four production categories for these services, consisting of document prep, document scanning, microfilm scanning, and indexing.

- Microfilm and Microfiche. GSI provides microfilming/microfiche, converting scanned images to microfilm or microfiche, and microfilm/microfiche preservation and duplication.

- Box Storage Services. GSI provides physical document storage and retrieval services for its clients.

- Scanning Equipment, Software and Repair. GSI sells and services document image software, document scanners, and microfilm scanners, readers and printers. This is a smaller, slowly declining part of the company's business.

Employees

GSI operates with 72 full-time employees, including 10 to 15 temps as needed. Labor rates are competitive, and a large portion of employees are lower-paid hourly workers. Document preparation personnel prepare client documents for scanning. GSI operates in two 10-hour shifts, Monday through Friday. Additional hours are possible if workload demands. GSI's data entry group operates five days a week, 16 hours a day, with expansion as needed by specific projects. Many of GSI's employees have been with them for many years. GSI's information technology staff average 25 years of service each. The average length of employment company-wide is 12 years.

Facilities

GSI's main facility is 36,000 square feet of leased space in Madison Heights. Records storage uses about 20,000 square feet, with the remainder of the space used for production, sales, and administration. In 2016, the company added a second 20,000 square foot building for document storage.

GSI owns and operates an extensive collection of the specialized equipment necessary for scanning images or converting microfilm to digital images. GSI's digital scanning and image capture devices routinely operate five days per week, 16 hours per day. As needed, operations can be expanded up to 7 days per week, 24 hours per day.

GSI's logistics department includes a fleet of six vehicles for pickup and delivery of client materials. GSI also has the ability to provide on-site capture operations for clients needing such services.

Customers

While GSI serves both governmental and private customers, governmental contracts generate a majority of its revenues. Over 75% of GSI's revenues are generated by various municipalities within and subdivisions of the State of Michigan. All such customer relationships are governed by GSI's contract with the State of Michigan, discussed below. GSI's second most significant customer accounts for approximately 10% of its revenues.

The State of Michigan Contract

GSI's contract with the State of Michigan is for five years from June 1, 2018 to May 30, 2023, with a provision for two extensions of one year each. The contract is issued to GSI through the Michigan Department of Management and Budget, Enterprise Procurement and managed through the Department of Management and Budget, Records Management Services Division (RMS).

The contract provides municipalities, governmental subdivisions, and local and state government agencies access to digital and micrographic conversion services. These entities have the option to perform these conversion services internally if they so choose. Typically, many elect to have these services outsourced to GSI.

All municipalities, subdivisions, and agencies are able to use the services and prices provided under this contract. For billing purposes, the work GSI performs is invoiced to RMS and the end user is invoiced through the State of Michigan accounting system. GSI does not invoice the end user directly, and GSI has a single point of contact for managing billing and receipt for all entities included within the State of Michigan. In effect, the state acts as a reseller of GSI's services to the other agencies and charges a markup on the amount GSI charges to each municipality, subdivision, or agency.

Financials

GSI's unaudited revenues for its fiscal year ended September 2019 were approximately $6.7 million, with earnings before interest, taxes, depreciation, and amortization ("EBITDA") of approximately $1.5 million. This EBITDA has been adjusted to reduce approximately $300,000 in expenses related to GSI's current owners, which expenses are not anticipated to continue after the closing of the GSI Acquisition.

Graphic Sciences, Inc.
Income Summary ($ '000s)
Unaudited

	Year Ended Sept 30,		
	2017	2018	2019
Total Revenue	$6,043	$5,356	$6,741
Total Gross Profit	1,382	1,218	2,422
Gross Margin	*22.9%*	*22.7%*	*35.9%*
Operating Expenses	1,226	1,121	1,364
Operating Income	157	97	1,058
Adjusted EBITDA	406	352	1,469
EBITDA Margin	*6.7%*	*6.6%*	*21.8%*

Based on the full purchase price of $6.0 million which assumes all future earnouts, Intellinetics is purchasing GSI for approximately 4.1x fiscal year ended September 2019 EBITDA, adjusted as described above.

Benefits of the GSI Acquisition

Although we believe GSI is being acquired at an attractive purchase price as a stand-alone investment, there exists a strategic fit with our business. We see the acquisition of GSI to be complementary with our current business and bringing several benefits to each company.

- **There are ECM selling opportunities into GSI's customer base.** Typically, customers who need document management services, need both physical storage and scanning in addition to enterprise content management ("ECM") solutions. GSI currently provides very little ECM solutions. The various municipalities in the State of Michigan that are currently utilizing GSI scanning service represents a ready-made untapped customer base for the Company.

- **GSI has long term relationships with its top customer, developing significant credibility and trust.** GSI has provided services to various municipalities within the State of Michigan since 2002. This has developed into a partnership-like relationship where GSI works closely with the State of Michigan rather than just as a detached generic service provider. We believe the length and depth of GSI's relationship with the State of Michigan makes it hard to displace as a customer.

- **The Company can leverage GSI's scanning and document storage capabilities into our customer base.** GSI possesses a level of expertise beyond typical mom-and-pop operations. GSI gives added capabilities to the Company's newly launched scanning services. Additionally, some of the Company's core markets, like the K-12 education market, have growing needs for digital scanning and archiving.

- **GSI's business has the potential to benefit from improvement in operational efficiencies**. GSI relies heavily on a manual-driven internal delivery processes that is ripe for automation, which could result in corresponding cost reductions and capacity improvements. Also, GSI can benefit from the Company's sales and marketing expertise, an area that has been neglected at GSI.

- **The Company has the potential to improve GSI customer experience.** The IntelliCloud suite of solutions can augment the GSI customer experience to increase satisfaction and account penetration.

Risks of the GSI Acquisition - Summary

While we believe the potential benefits of the GSI Acquisition outweigh the potential risks to the Company, there is no assurance that the perceived benefits will be realized in full or in part by the Company. We have identified the following risks associated with the proposed GSI Acquisition:

- GSI has significant customer concentration, with over 75% of its revenues derived from a single customer, and another 10% of its revenues derived from a second customer.

- GSI operates predominantly under fixed price contracts, so any future cost increases incurred in connection with those fixed fee contracts could materially and adversely affect GSI's project margins, income, and overall financial results.

Risks Related to the GSI Acquisition

GSI has significant customer concentration with most of its revenues derived from a single customer, so any disruption of GSI's relationship with that customer would materially and adversely impact the overall financial condition of GSI and the anticipated benefits of the GSI Acquisition to the Company.

Over 75% of GSI's total revenues are received from one customer, the State of Michigan, which is GSI's most significant customer. GSI and the Company believe that GSI's relationship with the State of Michigan is strong, but the State of Michigan has the contractual ability to cease or reduce its procurement of services from GSI at any time and for any reason. A significant portion of the purchase price of the GSI Acquisition payable by the Company is based on the value of this customer relationship. Any disruption, termination, or reduction of business from the State of Michigan would have a material adverse effect on the business and financial results of GSI, whether prior to or after the closing of the GSI Acquisition, and whether as a result of the GSI Acquisition itself or for any other reason. Any material reduction in revenues from the State of Michigan would also materially impact and reduce the anticipated benefits of the GSI Acquisition for the Company.

GSI has a second significant customer relationship, and any disruption of GSI's relationship with such customer could materially impact the financial condition of GSI and the anticipated benefits of the GSI Acquisition to the Company.

GSI's second largest customer generates approximately 10% of its revenues. GSI and the Company believe that GSI's relationship with this customer is strong, but this customer has the contractual ability to cease or reduce its procurement of services from GSI at any time and for any reason. Any disruption, termination, or reduction of business from such customer could have a material adverse effect on the financial condition of GSI and could also materially impact and reduce the anticipated benefits of the GSI Acquisition for the Company.

GSI operates predominantly under fixed price contracts, so any future cost increases incurred in connection with those fixed fee contracts could materially and adversely affect GSI's project margins, income, and overall financial results. The fixed fees previously agreed to may not allow GSI to maintain its historical project margins.

GSI's customers agree to fixed prices for GSI's services. Historically, GSI has been able to manage its costs and/or negotiate increases in contract fees in order to maintain its project margins. However, any future increases in GSI's costs may make it difficult for GSI to continue to achieve its current project margins. In addition, any attempts to increase customers' fixed fees or otherwise renegotiate customer contracts could result in a loss of customers or revenues for GSI. Any resulting future decrease in GSI's project margins may have a material and adverse effect on GSI's financial results and the anticipated benefits of the GSI Acquisition for the Company.

GSI's document storage and retrieval business may require additional capacity in the future, which could result in a significant increase in GSI's expenses.

GSI's document storage and retrieval business may require additional capacity in the future. An inability to meet the storage needs of any current or future customers could disrupt GSI's relationship with its current customers and/or curb new growth with future customers. There is no assurance that GSI will be able to identify satisfactory additional storage facilities or expand its existing capacity as appropriate. Finally, any addition to GSI's currently leased space or any capital expenditure related to new or existing storage facilities could significantly increase GSI's expenses. If GSI is not able to meet current customer needs, accept business with future customers, or reasonably maintain expense ratios as currently conducted, there may be a material effect on the business and financial results of GSI and on the anticipated benefits of the GSI Acquisition for the Company.

The future results of the combined company may be adversely impacted if the combined company does not effectively manage its expanded operations following completion of the GSI Acquisition.

Following completion of the GSI Acquisition, the size of the combined company's business will be significantly larger than the current size of either the Company's or GSI's respective businesses. The combined company's ability to successfully manage this expanded business will depend, in part, upon management's ability to implement an effective integration of the two companies and its ability to manage a combined business with significantly larger size and scope with the associated increased costs and complexity. There can be no assurances that the management of the combined company will be successful or that the combined company will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the GSI Acquisition.

Completion of the GSI Acquisition is expected to be subject to a number of conditions, and if these conditions are not satisfied or waived, the GSI Acquisition will not be completed, which could create material and adverse consequences for the Company.

GSI has not executed a definitive and binding purchase agreement with the Company to effect the GSI Acquisition. Any such definitive agreement would be expected to contain certain conditions to closing the GSI Acquisition, including but not limited to some or all of the following: (1) approval of the GSI Acquisition by the stockholders of the outstanding shares of GSI common stock, (2) approval by the stockholders of the Company of an increase in the number of Company authorized shares, (3) entry of the parties into the definition purchase agreement, (4) the absence of any governmental injunction or court order that prohibits completion of the GSI Acquisition, (5) the receipt of all required consents, approvals and other authorizations of any governmental entity, (6) material accuracy of the other party's representations and warranties, and (7) compliance in all material respects with the other party's obligations under the GSI Acquisition agreement. There can be no assurance that the conditions to closing the GSI Acquisition will be satisfied or waived or that the GSI Acquisition will be completed within the expected time frame, or at all. The failure of the GSI Acquisition to be consummated could have material and adverse consequences on the Company.

If the GSI Acquisition is completed, the Company may fail to realize the anticipated benefits and cost savings of the GSI Acquisition, which could adversely affect the value of shares of the Company's common stock.

The success of the GSI Acquisition will depend, in part, on the Company's ability to realize the anticipated benefits and cost savings from combining the businesses of the Company and GSI. The Company's ability to realize these anticipated benefits and cost savings is subject to certain risks, including, among others: the Company's ability to successfully combine the businesses of the Company and GSI; the risk that the combined businesses will not perform as expected; the extent to which the Company will be able to realize the expected synergies, including eliminating duplication and redundancy, leveraging customer relationships, and cross-selling software solutions; the possibility that the Company paid more for GSI than the value it will derive from the GSI Acquisition; the assumption of known and unknown liabilities of GSI; and the possibility of costly litigation challenging the GSI Acquisition.

If the Company is not able to successfully combine its business with GSI within the anticipated time frame, or at all, the anticipated cost savings and other benefits of the GSI Acquisition may not be realized fully or may take longer to realize than expected, the combined businesses may not perform as expected and the value of the shares of Company Common Stock may be adversely affected.

The Company and GSI have operated and, until completion of the GSI Acquisition will continue to operate, independently, and there can be no assurances that their businesses can be integrated successfully. It is possible that the integration process could result in the loss of key Company or GSI employees, the disruption of either company's or both companies' ongoing businesses or in unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Specifically, issues that must be addressed in integrating the operations of the Company and GSI in order to realize the anticipated benefits of the GSI Acquisition so the combined business performs as expected include, among others:

- combining the companies' separate operational, financial, reporting, and corporate functions;
- integrating the companies' technologies, products, and services;
- identifying and eliminating redundant and underperforming operations and assets;
- harmonizing the companies' operating practices, employee development, compensation and benefits programs, internal controls, and other policies, procedures, and processes;
- addressing possible differences in corporate cultures and management philosophies;
- maintaining employee morale and retaining key management and other employees;
- attracting and recruiting prospective employees;
- consolidating the companies' corporate, administrative, and information technology infrastructure;
- coordinating sales, distribution, and marketing efforts;
- managing the movement of certain businesses and positions to different locations; and
- maintaining existing agreements with customers and vendors and avoiding delays in entering into new agreements with prospective customers and vendors.

In addition, at times, the attention of certain members of each company's management and each company's resources may be focused on completion of the GSI Acquisition and the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt each company's ongoing business and the business of the combined company.

The Company will incur significant transaction and integration-related costs in connection with the GSI Acquisition.

The Company expects to incur a number of non-recurring costs associated with the GSI Acquisition and combining the operations of the two companies. The Company will incur significant transaction costs related to the GSI Acquisition. The Company also will incur significant integration-related fees and costs related to formulating and implementing integration plans, including systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the GSI Acquisition and the integration of the two companies' businesses. While the Company has assumed that a certain level of transaction expenses will be incurred, factors beyond the Company's control. Although the Company expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow the Company to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all.

The GSI Acquisition may not be accretive, and may be dilutive, to the Company's earnings per share, which may negatively affect the market price of shares of the Company's Common Stock.

In addition, future events and conditions could decrease or delay the accretion that is currently projected or could result in dilution, including the issuance of shares of Company common stock in connection with this Offering, adverse changes in market conditions, additional transaction and integration-related costs and other factors such as the failure to realize some or all of the anticipated benefits of the GSI Acquisition. Any dilution of, decrease in or delay of any accretion to, the Company's earnings per share could cause the price of shares of Company common stock to decline.

Following the closing of the GSI Acquisition, there is a risk that a significant amount of the combined company's total assets will be related to acquired intangible assets and goodwill, which are subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate that the carrying value may not be recoverable. Because of the significance of these assets, any charges for impairment as well as amortization of intangible assets could have a material adverse effect on the combined company's results of operations and financial condition.

Investment Thesis

The acquisition of GSI will increase the Company's scale and cash flow and is an important step to help build a quicker path to future profitability. We see this as part of an ongoing process to build out the Company as a platform for growth in niche verticals in the ECM and document storage industry. GSI has a long-standing and deep relationship with its most significant customer, the State of Michigan, and the Company believes there are strategic opportunities to cross-sell the Company's software offerings to the various subdivisions and agencies included in the GSI customer contract with the State of Michigan, as well as GSI's other customers. The totality of GSI's customer base complements and expands the Company's existing customer base with respect to industry, size, and document management needs. In addition, GSI maintains core capabilities in the scanning services business, which the Company believes will strengthen and complement the Company's recently expanded scanning service offerings.

INFORMATION REGARDING
APPROVAL OF AN AMENDMENT TO OUR ARTICLES OF INCORPORATION
TO EFFECTUATE A REVERSE STOCK SPLIT AND
CHANGE THE AUTHORIZED NUMBER OF SHARES OF COMMON STOCK

The Board of Directors is seeking written approval by a majority of its stockholders of a proposal, which it has unanimously approved, to amend the Company's Articles of Incorporation to (i) implement the Reverse Split in the ratio of one-for-fifty and (ii) change the number of shares of Common Stock authorized for issuance to 25,000,000 on a post-Reverse Split basis (collectively, the "Charter Amendment").

Reasons for the Reverse Split

The Board of Directors believes that the Reverse Split is necessary and advisable in order to (a) effectuate the GSI Acquisition, Securities Offering, and Note Conversion, (b) generally improve the liquidity and marketability of the Company's Common Stock, and (c) to respond to future opportunities which may arise to raise additional capital, based upon future developments in the business affairs of the Company, the market and the economy.

In order the effectuate the GSI Acquisition, Securities Offering, and Note Conversion, the Company will be issuing up to 126,229,300 additional shares of Common Stock on a pre-split basis. Currently, the maximum number of shares of Common Stock currently authorized by the Company's Certificate of Incorporation is 75,000,000 shares of Common Stock at a par value of $0.001 per share. Of the 75,000,000 authorized shares, 19,346,307 shares were issued and outstanding as of January 24, 2020, and 38,448,784 were reserved for issuance for (i) the exercise of warrants, (ii) conversion of convertible notes outstanding (including conversion of any accrued interest on such notes as of January 24, 2020), or (iii) the 2015 Intellinetics Inc. Equity Incentive Plan. Thus, either a Reverse Split or increase in authorized shares, or both, are required in order to effectuate the GSI Acquisition, Securities Offering, and Note Conversion.

The Board of Directors believes that the relatively low market price per share of the Company's Common Stock is impairing the marketability of the Common Stock to institutional investors and members of the investing public. In theory, the number of shares outstanding should not, in and of itself, affect the marketability of the Common Stock, the nature of investors who purchase the Common Stock, or the Company's reputation in the financial community. In practice, however, the Company believes many brokerage firms and institutional investors are reluctant to recommend lower-priced stocks to their clients or to hold them in their portfolios because they are perceived to be speculative in nature. This impairment of marketability may affect not only the liquidity and trading price of the Common Stock, but also the Company's ability to raise additional capital through the sale of equity securities or securities convertible into equity securities. In addition, many brokerage houses have policies and practices that discourage individual brokers within those firms from dealing in lower-priced stocks. Some of those policies and practices involve time-consuming procedures that make the handling of lower-priced stock economically unattractive. The brokerage commission on a sale of lower-priced stock may also represent a higher percentage of the sale price than the brokerage commission on a higher-priced issue. Any reduction in brokerage commission resulting from a Reverse Split may be offset, however, in whole or in part, by increased brokerage commissions required to be paid by stockholders selling "odd lots" created by the Reverse Split.

The Board of Directors believes that the decrease in the number of shares of Common Stock outstanding resulting from the Reverse Split, if it is effected, will increase the trading price of the outstanding shares and thus stimulate greater interest in the Common Stock by the financial community and the investing public, promote greater liquidity for the Company's stockholders, and result in a bid price level for the Common Stock after the Reverse Split that may in the future permit it to obtain an exchange listing. The Board of Directors also believes that the Reverse Split will result in a price level for the Common Stock that will mitigate the present reluctance, policies and practices of brokerage firms, and diminish the adverse impact of trading commissions and recommendation restrictions on the potential market for the Company's Common Stock. Although any increase in the market price of the Common Stock resulting from the Reverse Split may be proportionately less than the decrease in the number of shares outstanding, the Board of Directors believes that the proposed Reverse Split should result in a market price for the shares that would be high enough to overcome the reluctance, policies and practices at brokerage houses and institutional investors referred to above and to diminish the adverse impact of correspondingly high trading commissions on the market for the Common Stock.

However, there is no assurance that the Reverse Split will achieve the desired results, that the price per share of the Common Stock after the Reverse Split will increase at all or proportionately with the decrease in the number of shares, that the Common Stock will achieve the desired additional marketability, or that any price increase can be sustained for a prolonged period of time. Also, it is possible that the liquidity of the Common Stock after the Reverse Split may be adversely affected by the reduced number of shares outstanding if the proposed Reverse Split is implemented. In addition, the Reverse Split might leave some stockholders with one or more "odd lots" of the Company's Common Stock (stock in amounts of less than 100 shares), which may be more difficult to sell or require greater commission per share to sell than shares in round lots of 100.

Reasons for the Change in Authorized Shares

As a result of and in conjunction with the Reverse Split, we are asking a majority of our stockholders to also adopt and approve an amendment to our Articles of Incorporation in order to change the number of shares of Common Stock authorized for issuance to 25,000,000 on a post-Reverse Split basis. If the Reverse Split were to be completed with no other changes, a total of 75,000,000 shares would be authorized for issuance, and of those, only 3,113,374 shares would be either issued and outstanding or reserved for issuance. As a result, we believe that 25,000,000 is an appropriate number of authorized shares, which will allow flexibility to use our common stock for corporate purposes in the future, including public or private offerings to raise capital, equity-based agreements designed to attract talent, strategic relationships, and for other strategic and general business and financial purposes.

Contingent Approval

Majority written stockholder approval of the Charter Amendment shall be contingent upon (1) receiving commitments from investors to fund a minimum of $4,000,000 of the Securities Offering and (2) the good faith belief by the President and Chief Executive Officer that the GSI Acquisition, the first closing of the Securities Offering, and Note Conversion shall be completed shortly after the effectiveness of the Charter Amendment.

Principal Effects of the Charter Amendment

If approved, the Charter Amendment, including the Reverse Split and change in authorized shares, shall become effective on a date reasonably believed by the President and Chief Executive Officer to be two business days prior to the closing of the GSI Acquisition, first closing of the Securities Offering, and the completion of the Note Conversion, on the date of the filing of the Certificate of Amendment with the Secretary of State of the State of Nevada (the "Effective Date"). Upon the Effective Date, each fifty shares of Common Stock then issued and outstanding ("Pre-Split Common Stock") will automatically, without any action on the part of the holders of such Common Stock, be converted into one share of Common Stock ("Post-Reverse Split Common Stock"), subject to the cash payment for fractional shares discussed below. From and after the Effective Date of the Reverse Split, certificates representing shares of Pre-Split Common Stock will be deemed to represent only the number of whole shares of Post-Reverse Split Common Stock into which the shares of Pre-Split Common Stock were converted and the right to receive cash in lieu of any fractional share of Post-Reverse Split Common Stock.

Based upon the 19,346,307 shares of Common Stock outstanding as of the date of this Information Statement, the Reverse Split, if implemented, would reduce the number of outstanding shares of Common Stock to approximately 386,926 shares, or by 98%. The Reverse Split would not affect the par value of the Common Stock, which is and will remain $0.001 per share. Except for changes resulting from the Reverse Split as described herein, the rights and privileges of holders of shares of Common Stock would remain unchanged, and implementation of the Reverse Split would not result in any change of the relative equity interest in the Company or the voting power or the rights and privileges of the holders of Common Stock.

If the Reverse Split is implemented, then each outstanding option or warrant would automatically become an option or warrant, as the case may be, to purchase 2% of the number of shares subject to the option or warrant immediately prior to the Reverse Split at an exercise price which is fifty times the exercise price of the option or warrant immediately prior to the Reverse Split, subject to adjustment as a result of the elimination of fractional shares. The aggregate number of shares of Common Stock reserved for issuance upon the exercise of outstanding warrants and options would decrease from approximately 38,448,784 shares of Common Stock to approximately 768,975 shares of Common Stock, subject to adjustment as a result of the elimination of fractional shares. In addition, the number of shares of Common Stock into which the Company's outstanding convertible notes can be converted will be reduced by 98%, and the conversion price will increase to fifty times the current conversion price. If the Reverse Split is implemented, then the Company would obtain a new CUSIP number for the Common Stock effective at the time of the Reverse Split.

Because one effect of the Charter Amendment will be to decrease the number of shares of Common Stock outstanding without any increase in the par value of the Common Stock, the Company's stated capital would be reduced, but the aggregate capital in excess of par value attributable to the outstanding Common Stock would be correspondingly increased. Under Nevada law, the Board of Directors would have the authority, subject to certain limitations, to transfer some or all of such capital in excess of par value from capital to surplus. The Board of Directors has no plans to make such a transfer of capital at this time.

Exchange Of Certificates

If the Reverse Split is approved by a majority of the stockholders, then as soon as practicable after the Effective Date stockholders will be given the option, but will not be required, to exchange their certificates representing shares of Pre-Split Common Stock ("Pre-Split Certificates") for certificates representing the number of whole shares of Post-Reverse Split Common Stock ("Post-Reverse Split Certificates") into which the shares of Pre-Split Common Stock have been converted as a result of the Reverse Split. After the Effective Date (if the Reverse Split is implemented), each stockholder will receive a letter of transmittal from the Company's transfer agent, Standard Registrar and Transfer (the "Exchange Agent"), who will act as the Exchange Agent in the exchange of stock certificates, containing the necessary materials and instructions. In order to receive Post-Reverse Split Certificates, stockholders must surrender their Pre-Split Certificates pursuant to the Exchange Agent's instructions, together with properly executed and completed letters of transmittal and such evidence of ownership of such shares as the Company or the Exchange Agent may require, plus the applicable exchange fees. Pre-Split Certificates not presented for surrender after the Effective Date will be exchanged for Post-Reverse Split Certificates the first time they are presented for transfer. From and after the Effective Date, each Pre-Split Certificate will, until surrendered in exchange as described above, be deemed for all corporate purposes after the Effective Date to evidence ownership of the whole number of shares of Post-Reverse Split Common Stock into which the shares evidenced by such Pre-Split Certificate have been converted pursuant to the Reverse Split, plus the right to receive the cash payment in lieu of any fractional shares of Post-Reverse Split Common Stock described below.

Elimination Of Fractional Shares

No fractional shares of Post-Reverse Split Common Stock will be issued. In lieu of receiving fractional shares, stockholders who would otherwise be entitled to receive fractional shares of Post-Reverse Split Common Stock will, upon surrender of their Pre-Split Certificates, receive a cash payment in lieu thereof equal to the fair market value of such fractional share. Holders of less shares of Common Stock than the number of shares of Pre-Split Common Stock which become converted into one share of Post-Reverse Split Common Stock as a result of the Reverse Split will on the Effective Date no longer be stockholders of the Company. The fair market value of the Post-Reverse Split Common Stock will be based on the last sale price of the Common Stock as reported by the OTCQB on the date immediately preceding the Effective Date, or, if there are no reported sales on such date, the average of the high and low bid prices on such date as reported by the OTCQB.

Certain Federal Income Tax Consequences

The following is a summary of the material anticipated federal income tax consequences of the Charter Amendment to stockholders of the Company, if the Charter Amendment is implemented. This summary is based upon the Code for the applicable treasury regulations promulgated thereunder, judicial authority and administrative rulings and practice, all as in effect on the date hereof. Legislative, judicial or administrative rules and interpretations are subject to change, potentially on a retroactive basis, at any time and therefore could alter or modify the statements and conclusions set forth below. For the purpose of this discussion, it is assumed that the shares of Common Stock are held as capital assets by stockholders who are United States persons (i.e., citizens or residents of the United States or domestic corporations). This summary does not purport to be complete and does not address all aspects of federal income taxation that may be relevant to a particular stockholder in light of such stockholder's personal investment circumstances, stockholders holding Common Stock as security for borrowings or those stockholders subject to special treatment under the federal income tax laws (for example, life insurance companies, tax-exempt organizations, foreign corporations and nonresident alien individuals). The summary also does not discuss any consequence of the Charter Amendment under any state, local, foreign, gift or estate tax laws.

No ruling from the Internal Revenue Service or opinion of counsel will be obtained regarding the federal income tax consequences to the stockholders of the Company as a result of the Charter Amendment. ACCORDINGLY, EACH STOCKHOLDER IS ENCOURAGED TO CONSULT HIS TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PROPOSED REVERSE STOCK SPLIT TO SUCH STOCKHOLDER, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND FOREIGN INCOME TAX LAWS.

The Company believes that the Reverse Split, if implemented, would be a tax-free recapitalization to the Company and its stockholders. If the Reverse Split qualifies as a recapitalization described in Section 368(A)(1)(E) of the Code, (i) no gain or loss will be recognized by the Company in connection with the Reverse Split; (ii) no gain or loss will be recognized by holders of Common Stock who exchange their shares of Pre-Split Common Stock for shares of Post-Reverse Split Common Stock, except that holders of Common Stock who receive cash in lieu of fractional shares will be treated as if the fractional shares were distributed to such holders of shares of Pre-Split Common Stock and then redeemed by the Company and will recognize gain or loss for federal income tax purposes on the redemption of the fractional shares equal to the difference, if any, between a holder's basis in the fractional share and the amount of cash received, which gain or loss will be capital gain or loss and will be a long-term capital gain or loss if the fractional shares were held for more than one year; (iii) the tax basis of the shares of Post-Reverse Split Common Stock received by holders of shares of Pre-Split Common Stock will be the same as the tax basis of the shares of Pre-Split Common Stock exchanged therefor, less the tax basis allocated to fractional share interests; and (iv) the holding period of the shares of Post-Reverse Split Common Stock in the hands of holders of shares of Post-Reverse Split Common Stock will include the holding period of their shares of Pre-Split Common Stock exchanged therefor. The Company expects that less than 5% of the total fair market value of its Common Stock will be converted into cash in lieu of issuing fractional shares of Common Stock.

EXHIBIT 99.2

Intellinetics, Inc. Expands Digital Content Management Services with Acquisition of Graphic Sciences, Inc.

Clients to benefit from complementary
document conversion services

COLUMBUS, Ohio, March 4, 2020 (GLOBE NEWSWIRE) – Intellinetics, Inc., (OTCQB: INLX) a cloud-based document solutions provider, announced today that is has acquired Graphic Sciences, Inc., a company that specializes in document scanning and digital conversion services, located in Madison Heights, MI. Intellinetics acquired Graphic Sciences as a wholly owned subsidiary. At present, each company will continue to operate under its own name, maintain current offices, and experience minimal changes in personnel.

A key reason for the acquisition of Graphics Sciences is management's belief that there is a strong synergy between the two companies, since each provides document management products and services to highly-regulated, risk- and compliance-intensive markets. The IntelliCloud™ solution suite will be expanded to include Graphic Sciences' document scanning and microfilm services while Graphic Science customers will benefit from the option to gain anywhere, anytime access to their digitized documents via the IntelliCloud Document Management Platform.

"Adding Graphic Sciences service offerings, industry knowledge, and relationships creates a natural synergy between our two companies", said James F. DeSocio, President & CEO of Intellinetics. "Adding their document scanning services to our IntelliCloud solution suite will allow us to offer our clients the professional management of capturing their documents, storage of their documents, and secure access of their documents throughout their entire life cycle in whatever form or medium is most appropriate. Plus, Graphic Sciences provides some very specialized services such as book and newspaper scanning, microfiche to microfilm conversions, and long-term paper and microfilm storage and retrieval. This creates many new cross-selling opportunities for us."

Gregory Colton, outgoing President of Graphic Sciences, Inc., added, "We believe that a larger organization will allow us to provide a wider array of services to our customers. Currently we scan and deliver our customers' documents onto digital media, such as a DVD, thumb drive or a file on a server. With Intellinetics we will be able to deliver the anywhere, anytime access to those files that our customers have been requesting. We are enthusiastic about what Graphic Sciences and Intellinetics together can do for our customers." Mr. Colton plans to retire after a transition period to ensure a smooth management integration of Graphic Sciences.

"The exceptional customer trust in Graphic Sciences, and the goodwill created over years, is a testament to the Graphic Sciences unwavering commitment to putting quality and data security first. This culture has its roots in the leadership of Gregory Colton and Tom Liebold, Vice President and General Manager of Graphic Sciences, and we appreciate and expect to benefit from the business and team they have built over the last forty years," concluded Mr. DeSocio.

About Intellinetics, Inc.

Intellinetics, Inc., located in Columbus, Ohio, is a cloud-based content services software provider. Its IntelliCloud™ suite of solutions serve a mission-critical role for organizations in highly regulated, risk and compliance-intensive markets in Healthcare, K-12, Public Safety, Public Sector, Risk Management, Financial Services and beyond. IntelliCloud solutions make content secure, compliant, and process-ready to drive innovation, efficiencies and growth. For additional information, please visit www.intellinetics.com.

About Graphic Sciences, Inc.

Located in Madison Heights, Michigan, Graphic Sciences, Inc. has been helping organizations become paperless for over 33 years. Through its Image Technology Group and production scanning department, hundreds of millions of images have been converted from paper to digital, paper to microfilm, and microfiche to microfilm for business and federal, county, and municipal governments. Graphic Sciences also provides its clients with long-term paper and microfilm storage and retrieval options.

Cautionary Statement Regarding Intellinetics, Inc.

Statements in this press release which are not purely historical, including statements regarding the synergies, cross-selling opportunities and other benefits of the Graphics Sciences acquisition; future business; and new revenues associated with any product, industry, market, initiative, service or innovation; market penetration; execution of Intellinetics' business plan, strategy, direction and focus; and other intentions, beliefs, expectations, representations, projections, plans or strategies regarding future growth and other future events are forward-looking statements. The forward-looking statements involve risks and uncertainties including, but not limited to, the risks associated with acquisitions generally and the ability of the Company to achieve the intended benefits of the Graphics Sciences business specifically, the future business, operations and financial results of Graphic Sciences, the effect of changing economic conditions, trends in the products markets, variations in Intellinetics' cash flow or adequacy of capital resources, market acceptance risks, the success of Intellinetics' channel partners, technical development risks, and other risks, uncertainties and other factors discussed from time to time in its reports filed with or furnished to the Securities and Exchange Commission, including in Intellinetics' most recent annual report on Form 10-K as well as subsequently filed reports on Form 10-Q and Form 8-K. Intellinetics cautions investors not to place undue reliance on the forward-looking statements contained in this press release. Intellinetics disclaims any obligation and does not undertake to update or revise any forward-looking statements in this press release. Expanded and historical information is made available to the public by Intellinetics on its website at www.intellinetics.com or at www.sec.gov.

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EXHIBIT 99.3

Intellinetics, Inc. Completes Equity and Debt Financing and Acquires Graphic Sciences, Inc.

Financing Restructures Balance Sheet and Provides Platform for Future Growth

COLUMBUS, Ohio, March 4, 2020 (GLOBE NEWSWIRE) – Intellinetics, Inc., (OTCQB: INLX) a cloud-based document solutions provider, announced it has closed an equity and debt private placement financing and raised a total of $5.5 million. From the amount raised in the financing, $3.5 million was used for the initial purchase price of Graphic Sciences, Inc., a company that specializes in document scanning and digital conversion services. Located in Madison Heights, MI. Graphic Sciences had $6.7 million in revenues (unaudited) in its most recent fiscal year, ended September 30, 2019.

Simultaneous with the raise, the Company restructured its balance sheet by converting all of its $4.7 million in existing convertible notes into shares of common stock at a conversion price of $0.08 per share. Further, the stockholders, by written consent of a majority in interest and pursuant to action by the Board of Directors of the Company, have approved a 1-for-50 reverse stock split, which will be effective as of 5:00 p.m., Nevada time, on March 12, 2020, for stockholders of record as of the close of business on March 12, 2010. The Company implemented the debt conversion and reverse split to improve the liquidity and marketability of the Company's common stock, and to provide better ability to respond to potential future opportunities to raise capital and make acquisitions , based upon and subject to future developments in the business and affairs of the Company, and the future status of the capital markets and the economy.

The purchase of Graphic Sciences complements Intellinetics' document management products and services to highly regulated, risk- and compliance-intensive markets. The IntelliCloud™ solution suite can now be expanded to include Graphic Sciences' document scanning and microfilm services while Graphic Science customers benefit from the option to gain anywhere, anytime access to their digitized documents via the IntelliCloud Document Management Platform.

"We believe that the acquisition of Graphics Sciences will be accretive and lays the groundwork for future growth opportunities, which is part of our ongoing company strategy," stated James F. DeSocio, President & CEO of Intellinetics. "We are enthusiastic about the continued strong support of our investor community, and I firmly believe that the synergies and cross-selling opportunities with Graphic Sciences set us on a momentum path for strong organic and inorganic growth. We now have a platform that is more attractive to current and future customers and partners."

About Intellinetics, Inc.

Intellinetics, Inc., located in Columbus, Ohio, is a cloud-based content services software provider. Its IntelliCloud™ suite of solutions serve a mission-critical role for organizations in highly regulated, risk and compliance-intensive markets in Healthcare, K-12, Public Safety, Public Sector, Risk Management, Financial Services and beyond. IntelliCloud solutions make content secure, compliant, and process-ready to drive innovation, efficiencies and growth. For additional information, please visit www.intellinetics.com.

About Graphic Sciences, Inc.

Located in Madison Heights, Michigan, Graphic Sciences, Inc. has been helping organizations become paperless for over 33 years. Through its Image Technology Group and production scanning department, hundreds of millions of images have been converted from paper to digital, paper to microfilm, and microfiche to microfilm for business and federal, county, and municipal governments. Graphic Sciences also provides its clients with long-term paper and microfilm storage and retrieval options.

Cautionary Statement Regarding Intellinetics, Inc.

Statements in this press release which are not purely historical, including statements regarding future momentum and growth paths and strategies; synergies and cross-selling opportunities with Graphic Sciences; the ability of the Company to improve the liquidity and marketability of its common stock; the ability of the Company to respond to potential future opportunities to raise capital and make acquisitions; the attractiveness of the Company's platform to future business and new revenues associated with any subsidiary, product, industry, market, initiative, or service; execution of Intellinetics' business plan, strategy, direction and focus; and other intentions, beliefs, expectations, representations, projections, plans or strategies regarding future growth and other future events are forward-looking statements. The forward-looking statements involve risks and uncertainties including, but not limited to, the risks associated with acquisitions generally and of Graphic Sciences specifically; the ability of Graphic Sciences to perform as expected by management; the effect of changing economic conditions, trends in the products markets, variations in Intellinetics' cash flow or adequacy of capital resources, market acceptance risks, the success of Intellinetics' channel partners, technical development risks, and other risks, uncertainties and other factors discussed from time to time in its reports filed with or furnished to the Securities and Exchange Commission, including in Intellinetics' most recent annual report on Form 10-K as well as subsequently filed reports on Form 10-Q and Form 8-K. Intellinetics cautions investors not to place undue reliance on the forward-looking statements contained in this press release. Intellinetics disclaims any obligation and does not undertake to update or revise any forward-looking statements in this press release. Expanded and historical information is made available to the public by Intellinetics on its website at www.intellinetics.com or at www.sec.gov.

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