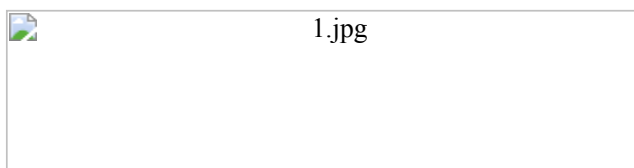


**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

- ☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2022
- ☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____

Commission file number: 001-40913



Alpine 4 Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

46-5482689

(I.R.S. Employer Identification No.)

2525 E Arizona Biltmore Circle Suite 237

Phoenix, AZ

(Address of Principal Executive Offices)

85016

(Zip Code)

Registrant's telephone number, including area code: 480-702-2431

(Former name, former address and former fiscal year, if changed since last report)

Securities Registered pursuant to Section 12(b) of the Act: Class A Common Stock, \$0.0001 par value per share

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	ALPP	The Nasdaq Stock Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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. ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. As of June 30, 2022, the aggregate market value of the voting and non-voting common equity held by non-affiliates, computed based on the average bid and asked price of the Class A common stock, was \$114,796,261.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of May 5, 2023, the issuer had 180,037,350 shares of its Class A common stock issued and outstanding; 7,248,088 shares of its Class B common stock issued and outstanding; and 12,256,816 shares of its Class C common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

ALPINE 4 HOLDINGS, INC.
FISCAL YEAR ENDED DECEMBER 31, 2022
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

PART I	<u>Page</u>
ITEM 1. BUSINESS	3
ITEM 1A. RISK FACTORS	11
ITEM 1B. UNRESOLVED STAFF COMMENTS	24
ITEM 2. PROPERTIES	24
ITEM 3. LEGAL PROCEEDINGS	25
ITEM 4. MINE SAFETY DISCLOSURES	25
PART II	
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	25
ITEM 6. [RESERVED]	31
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	31
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	38
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	38
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES	38
ITEM 9A. CONTROLS AND PROCEDURES	38
ITEM 9B. OTHER INFORMATION	40
ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS	40
PART III	
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	41
ITEM 11. EXECUTIVE COMPENSATION	50
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	50
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	52
ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES	53
PART IV	
ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES	54
ITEM 16. FORM 10-K SUMMARY	54
SIGNATURES	56

PART I

Special Note Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements. The forward-looking statements are contained principally in the sections entitled “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.” These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- history of operating losses, our ability to develop and implement our business strategies and grow our business;
- our ability to execute our strategy and business plan regarding growth, acquisitions, and focusing on our strategy of Drivers, Stabilizers, and Facilitators;
- the success, progress, timing and costs of our efforts to evaluate or consummate various strategic acquisitions, collaborations, and other alternatives if in the best interests of our stockholders;
- our ability to timely source adequate supply of our development products from third-party manufacturers on which we depend;
- the potential, if any, for future development of any of our present or future products;
- our ability to identify and develop additional uses for our products;
- our ability to attain market exclusivity and/or to protect our intellectual property and to operate our business without infringing on the intellectual property rights of others;
- the ability of our Board of Directors to influence control over all matters put to a vote of our stockholders, including elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction; and
- the accuracy of our estimates regarding expenses, future revenues, capital requirements and needs for additional financing.

In some cases, you can identify these statements by terms such as “anticipate,” “believe,” “could,” “estimate,” “expects,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would” or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes. These forward-looking statements reflect our management’s beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this Report and are subject to risks and uncertainties. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements. We discuss many of the risks associated with the forward-looking statements in this Report in greater detail under the heading “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-

looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risk Factors Related to Our Business" below, as well as those discussed elsewhere in this Annual Report on Form 10-K. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We file reports with the Securities and Exchange Commission ("SEC"). You can read and copy any materials we file with the SEC at the SEC's Public Reference Room, 100 F. Street, NE, Washington, D.C. 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We disclaim any obligation or intention to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report on Form 10-K. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this Annual Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

ITEM 1. BUSINESS.

Our Business

Company Background and History

Alpine 4 Holdings, Inc. ("we", "our", "Alpine 4", the "Company") was incorporated under the laws of the State of Delaware on April 22, 2014. We are a publicly traded conglomerate that is acquiring businesses that fit into our disruptive business model of Drivers, Stabilizers, and Facilitators ("DSF"). At Alpine 4, we understand the nature of how technology and innovation can accentuate a business. Our focus is on how the adaptation of new technologies even in brick and mortar businesses can drive innovation. We also believe that our holdings should benefit synergistically from each other and that the ability to have collaboration across varying industries can spawn new ideas and create fertile ground for competitive advantages.

As of the date of this Report, the Company was a holding company that owned fourteen operating subsidiaries:

- A4 Corporate Services, LLC;
- ALTIA, LLC;
- Quality Circuit Assembly, Inc.;
- Morris Sheet Metal, Corp;
- JTD Spiral, Inc.;
- Excel Construction Services, LLC;
- SPECTRUMebos, Inc.;
- Vayu (US), Inc.;
- Thermal Dynamics International, Inc.;
- Alternative Laboratories, LLC.;
- Identified Technologies, Corp;
- ElecJet, Corp.;
- DTI Services Limited Liability Company (doing business as RCA Commercial Electronics); and
- Global Autonomous Corporation.

Starting in the first quarter of 2020, we also created additional subsidiaries to act as silo holding companies, organized by industries. These silo subsidiaries are A4 Construction Services, Inc. ("A4 Construction"), A4 Manufacturing, Inc. ("A4 Manufacturing"), and A4 Technologies, Inc. ("A4 Technologies"), A4 Aerospace Corporation ("A4 Aerospace"), and A4 Defense Services, Inc. ("A4 Defense Services"). All of these holding companies are Delaware corporations. Each is authorized to issue 1,500 shares of common stock with a par value of \$0.01 per share, and the Company is the sole shareholder of each of these subsidiaries.

In March 2021, the Company announced the combination of its subsidiaries Deluxe Sheet Metal, Inc. ("Deluxe") and Morris Sheet Metal Corporation ("MSM") to become one of the largest sheet metal contractors in the Midwest region of the United States. Both companies will be under the Morris Sheet Metal brand. The Company's management believes that the combination of these businesses will create a more harmonious relationship between the two companies. The

[Table of Contents](#)

combining of resources should empower Morris to strengthen its brand through its strategic banking relationship, eliminate duplicative and competitive interests, and expand its footprint beyond the Indiana home base.

On May 5, 2021, the Company acquired all of the outstanding shares of stock of Thermal Dynamics International, Inc., a Delaware corporation (“Thermal Dynamics” or “TDI”).

On May 10, 2021, the Company acquired all of the outstanding membership interests of KAI Enterprises, LLC, a Florida limited liability company, the sole asset of which was all of the outstanding membership interests of Alternative Laboratories, LLC, a Delaware limited liability company (“Alt Labs”).

In June 2021, the Company announced the combination of its subsidiaries Impossible Aerospace (“IA”) and Vayu (US) (“Vayu US”) to become Vayu Aerospace Corporation (“Vayu”). The Company’s management believes that the combination of these businesses will create a more harmonious relationship between the two companies. The combining of resources should empower Vayu to strengthen its brand through its strategic banking relationship, eliminate duplicative and competitive interests, and expand its footprint beyond the Michigan home base.

On October 20, 2021, the Company, and the Company’s subsidiary, A4 Aerospace, Inc., a Delaware corporation (“A4 Aerospace”), entered into a Stock Purchase Agreement with Identified Technologies Corporation, a Delaware corporation with foreign registration in Pennsylvania (“Identified Technologies”). Pursuant to the Stock Purchase Agreement, A4 Aerospace purchased all of the outstanding shares of capital stock of Identified Technologies, a total of 6,486,044 shares of Identified Technologies’ capital stock (the “ITC Shares”). The total purchase price for the ITC Shares was \$4,000,000 and was paid in shares of the Company’s Class A common stock, issued to the Shareholders. Following the closing of the transaction, A4 Aerospace owned 100% of the capital stock of Identified Technologies.

On November 29, 2021, the Company, and a newly formed and wholly owned subsidiary of the Company named ALPP Acquisition Corporation 3, Inc. a Delaware corporation (“AC3”), entered into a merger agreement with ElecJet Corp., a Delaware corporation (“ElecJet”) and the three ElecJet shareholders. Pursuant to the Agreement, AC3 merged with and into ElecJet. AC3 was created solely for the purpose of the merger with ElecJet, and ElecJet was the surviving entity following the merger.

On December 9, 2021, the Company, and A4 Technologies, Inc., a Delaware corporation and wholly owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement with DTI Services Limited Liability Company (doing business as RCA Commercial Electronics), an Indiana limited liability company (“DTI”), Direct Tech Sales LLC, (also having an assumed business name of RCA Commercial Electronics), an Indiana limited liability company (“Direct Tech”), PMI Group, LLC, an Indiana limited liability company (“PMI”), Continu.US, LLC, an Indiana limited liability company (“Continu.US”), Solas Ray, LLC, an Indiana limited liability company (“Solas”), and the two individual owners of these entities. DTI, Direct Tech, PMI, Continu.US, and Solas were referred to in the Membership Interest Purchase Agreement collectively as “RCA.” Pursuant to the Membership Interest Purchase Agreement, the Company acquired all of the outstanding membership interests of RCA.

On August 2nd 2022, the Company and RCA entered into a Material Transfer Agreement with one of the largest US based Recreational Vehicle (RV) OEM suppliers, to allow the supplier to test the Company’s 12v 120amph solid-state battery developed by ElecJet. The Company and RCA expect to send the 2nd version of this battery for further testing in 2023.

On October 26th 2022, the Company and Vayu Aerospace Corporation (Vayu) executed a supply agreement with All American Contracting, to supply Vayu’s G1 and tactical airframes to countries in Africa.

Alpine 4 maintains our corporate office located at 2525 E. Arizona Biltmore Circle, Suite 237, Phoenix, Arizona 85016. ALTIA works out of the headquarters offices. QCA rents a location at 1709 Junction Court #380 San Jose, California 95112. Morris Sheet Metal and JTD Spiral are located at 6212 Highview Dr, Fort Wayne, Indiana 46818. Excel Construction Services’ office and fabrication space are located at 297 Wycoff Cir, Twin Falls, Idaho 83301. Vayu (US) has its headquarters at 3753 Plaza Drive, Ann Arbor, Michigan 48108. The headquarters for TDI are located at 14955 Technology Ct, Fort Myers, Florida 33912. Alt Labs has its headquarters at 4740 S. Cleveland Ave. Fort Myers, Florida 33907. The Identified Technologies Corporation headquarters are located at 6401 Penn Ave, Suite 211, Pittsburgh, Pennsylvania 15206. ElecJet has its headquarters at 5935 W 84th St, Indianapolis, Indiana 46278. RCA Commercial Electronics has its headquarters at 5935 W 84th St, Indianapolis, Indiana 46278. Global Autonomous Corporation has its offices at 2525 E Arizona Biltmore Circle, Suite 237, Phoenix Arizona 85016.

Who We Are

Alexander Hamilton in his “Federalist paper #11”, said that our adventurous spirit distinguishes the commercial character of America. Hamilton knew that our freedom to be creative gave American businesses a competitive advantage over the rest of the world. We believe that Alpine 4 also exemplifies this spirit in our subsidiaries and that our greatest competitive advantage is our highly diverse business structure combined with a culture of collaboration.

It is our mandate to grow Alpine 4 into a leading, multi-faceted holding company with diverse subsidiary holdings with products and services that not only benefit from one another as a whole, but also have the benefit of independence. This type of corporate structure is about having our subsidiaries prosper through strong onsite leadership while working synergistically with other Alpine 4 holdings. The essence of our business model is based around acquiring B2B companies in a broad spectrum of industries via our DSF acquisition strategy (Drivers, Stabilizer, Facilitator). Our DSF business model (which is discussed further below) offers our shareholders an opportunity to own small-cap businesses that hold defensible positions in their individual market space. Further, Alpine 4’s greatest opportunity for growth exists in the smaller to middle-market operating companies with revenues between \$5 to \$150 million annually. In this target-rich environment, businesses generally sell at more reasonable multiples, presenting greater opportunities for operational and strategic improvements that have greater potential to enhance profit.

Driver, Stabilizer, Facilitator (DSF)

Driver: A Driver is a company that is in an emerging market or technology, that has enormous upside potential for revenue and profits, with a significant market opportunity to access. These types of acquisitions are typically small, brand new companies that need a structure to support their growth.

Stabilizer: Stabilizers are companies that have sticky customers, consistent revenue and provide solid net profit returns to Alpine 4.

Facilitators: Facilitators are our “secret sauce”. Facilitators are companies that provide a product or service that an Alpine 4 sister company can use as leverage to create a competitive advantage.

When you blend these categories into a longer-term view of the business landscape, you can then begin to see the value-driving force that makes this a truly purposeful and powerful business model. As stated earlier, our greatest competitive advantage is our highly diversified business structure combined with a collaborative business culture, that helps drive out competition in our markets by bringing; resources, planning, technology and capacity that our competitors simply don’t have. DSF reshapes the environment each subsidiary operates in by sharing and exploiting the resources each company has, thus giving them a competitive advantage that their peers don’t have.

How We Do It:

Optimization vs. Asset Producing

The process to purchase a perspective company can be long and arduous. During our due diligence period, we are validating and determining three major points, not just the historical record of the company we are buying. Those three major points are what we call the “What is, What Should Be and What Will Be”.

- “The What Is” (TWI). TWI is the defining point of where a company is holistically in a myriad of metrics; Sales, Finance, Ease of Operations, Ownership and Customer Relations to name a few. Subsequently, this is usually the point where most acquirers stop in their due diligence. We look to define this position not just from a number’s standpoint, but also how does this perspective map out to a larger picture of culture and business environment.
- “The What Should Be” (TWSB). TWSB is the validation point of inflection where we use many data inputs to assess if TWI is out of the norm with competitors, and does that data show the potential for improvement.
- “The What Will Be” (TWWB). TWWB is how we seek to identify the net results or what we call Kinetic Profit (KP) between the TWI and TWSB. The keywords are Kinetic Profit. KP is the profit waiting to be achieved by some form of action or as we call it, the Optimization Phase of acquiring a new company.

Optimization: During the Optimization Phase, we seek to root up employees with in-depth training on various topics. Usually, these training sessions include; Profit and Expense Control, Production Planning, Breakeven Analysis and Profit Engineering to name a few. But the end game is to guide these companies to: become net profitable with the new debt burden placed on them post-acquisition, mitigate the loss of sales due to acquisition attrition (we typically plan on 10% of our customers leaving simply due to old ownership not being involved in the company any longer), potential replacement of employees that no longer wish to be employed post-acquisition and other ancillary issues that may arise. The Optimization Phase usually takes 12-18 months post-acquisition and a company can fall back into Optimization if it is stagnant or regresses in its training.

Asset Producing: Asset Producing is the ideal point where we want our subsidiaries to be. To become Asset Producing, subsidiary management must have completed prescribed training formats, proven they understand the key performance indicators that run their respective departments and finally, the subsidiaries they manage must have posted a net profit for 3 consecutive months.

Diversification

It is our goal to help drive Alpine 4 into a leading, multi-faceted holding company with diverse products and services that not only benefit from one another as a whole but also have the benefit of independence. This type of corporate structure is about having our subsidiaries prosper through strong onsite leadership, while working synergistically with other Alpine 4 holdings. Alpine 4 has been set up with a holding company model, with Presidents who will run each subsidiary business, and Managers with specific industry related experience who, along with Kent Wilson, the CEO of Alpine 4, will help guide our portfolio of companies as needed. Alpine 4 will work with our Presidents and Managers to ensure that our core principles of Synergy, Innovation, Drive, Excellence are implemented and internalized. Further, we plan to work with our subsidiaries and capital partners to provide the proper capital allocation and to work to make sure each business is executing at high levels.

In 2016, we saw the beginning of our plan for diversification take hold with the acquisition of Quality Circuit Assembly, Inc. (“QCA”), when Alpine 4 acquired 100% of QCA’s stock effective April 1, 2016.

In October 2016, we formed a new Limited Liability Company called ALTIA (Automotive Logic & Technology In Action) to create an independent subsidiary for Alpine 4’s 6th Sense Auto product and its BrakeActive product. The company holds two patents on this technology.

In April 2018, we acquired 100% of American Precision Fabricators (“APF”).

Effective January 1, 2019, we purchased Morris Sheet Metal Corp. (“MSM”), an Indiana corporation, JTD Spiral, Inc. a wholly owned subsidiary of MSM, an Indiana corporation, Morris Enterprises LLC, an Indiana limited liability company and Morris Transportation LLC, an Indiana limited liability company (collectively “Morris” or “MSM”).

On November 6, 2019, we completed our acquisition of Deluxe Sheet Metal, Inc., an Indiana corporation (“DSMI”), DSM Holding, LLC, an Indiana limited liability company (“DHL”), and the real estate assets of Lonewolf Enterprises, LLC, an Indiana limited liability company (“LWE,” and collectively with DSMI and DHL, “Deluxe”).

On February 21, 2020, the Company, through its holding subsidiary A4 Construction, completed the acquisition of Excel Fabrication, LLC, an Idaho Limited Liability Company (“Excel”). Excel subsequently changed its name to Excel Construction Services, LLC.

On November 13, 2020, the Company and a newly formed and wholly owned subsidiary of the Company named ALPP Acquisition Corporation 1, Inc. a Delaware corporation (“Merger Sub 1”), entered into a merger agreement (the “IA Agreement”) with Impossible Aerospace Corporation, a Delaware corporation (“IA”), pursuant to which IA merged with and into Merger Sub 1 (the “IA Merger”). On November 12, 2020, the Company created Merger Sub 1 and became its sole shareholder. Merger Sub 1 was created solely for the purpose of the IA Merger. The IA Merger closed on December 15, 2020.

On December 29, 2020, the Company and a newly formed and wholly owned subsidiary of the Company named ALPP Acquisition Corporation 2, Inc. a Delaware corporation (“Merger Sub 2”), entered into a merger agreement (the “Vayu Agreement”) with Vayu (US), Inc., a Delaware corporation (“Vayu”), pursuant to which Vayu merged with and into Merger Sub 2 (the “Vayu Merger”). On December 29, 2020, the Company created Merger Sub 2 and became its sole

shareholder. Merger Sub 2 was created solely for the purpose of the Vayu Merger. The Vayu Merger closed on February 8, 2021.

As noted above, in 2021, the Company, either directly or through subsidiaries entered into the following acquisition and merger transactions:

- In May 2021, the Company acquired all of the outstanding shares of stock of Thermal Dynamics;
- In May 2021, the Company acquired all of the outstanding membership interests of KAI Enterprises, LLC, a Florida limited liability company, the sole asset of which was all of the outstanding membership interests of Alt Labs;
- In June 2021, the Company announced the combination of its subsidiaries Impossible Aerospace (“IA”) and Vayu (US) (“Vayu US”) to become Vayu Aerospace Corporation (“Vayu”);
- In October 2021, the Company, and the Company’s subsidiary, A4 Aerospace, Inc., a Delaware corporation, entered into a Stock Purchase Agreement with Identified Technologies;
- In November 2021, the Company, and AC3 entered into a merger agreement with ElecJet;
- In December 2021, the Company, and A4 Technologies entered into a Membership Interest Purchase Agreement with DTI, Direct Tech, PMI, Continu.Us, Solas Ray, and their individual owners to acquire all of the outstanding membership interests of RCA Commercial Electronics; and
- In Q1 2022, the Company formed Global Autonomous Corporation (“GAC”) with several key employees and consultants. The Company owns 71.43% of the outstanding shares of stock of GAC.

As of the date of this Report, the Company was exploring additional acquisition and merger transactions, and additional information will be provided if and when such transactions are either binding or closed.

At the core of our business strategy is our focus on scalable corporate platform solutions. We have built a strong portfolio of manufacturing, software, and energy driven businesses with a focus on long-term value creation.

Subsidiaries & Product Groups

As of the date of the filing of this Report, we had the following subsidiaries and product groups:

- ALTIA, LLC is an automotive technology company with several core product offerings:
 - 6th Sense Auto is a connected car technology that provides a distinctive and powerful advantage to management, sales, finance and service departments at automotive dealerships in order to increase productivity, profitability and customer retention. 6th Sense Auto uses disruptive technology to improve inventory management, reduce costs, increase sales, and enhance service.
 - BrakeActive™ is a safety device that can improve a vehicle’s third brake lights ability to greatly reduce or prevent a rear end collision by as much as 40%. According to a National Highway Traffic Safety Administration report issued in 2010, rear end collisions could be reduced by 90% if trailing vehicles had one additional second to react. The Company’s new programmable technology and device aims to provide this additional reaction time to trailing vehicles.
- Quality Circuit Assembly (“QCA”) - Since 1988, QCA has been providing electronic contract manufacturing solutions to its customers via strategic business partnerships. Our abilities encompass a wide variety of skills, beginning with prototype development and culminating in the ongoing manufacturing of a complete product or assembly. Turnkey solutions are tailored around each customer's specific requirements. Conveniently located in San Jose, California, with close proximity to San Jose airport, QCA’s primary aim is to provide contract-manufacturing solutions to market leading companies within the industrial, scientific, instrumentation, military, medical and green industries.
- Morris Sheet Metal (“MSM” or “MSM FW”) – Based in Fort Wayne, Indiana, MSM is a commercial sheet metal contractor and fabricator. MSM designs, fabricates, and installs dust collectors, commercial ductwork, kitchen hoods, industrial ventilation systems, machine guards, architectural work, water furnaces, and much more.

[Table of Contents](#)

- JTD Spiral (“JTD”) - Based in Fort Wayne, Indiana, JTD is a sister company to MSM and provides specialized spiral duct work to MSM clientele.
- Deluxe Sheet Metal, Inc (“Deluxe”) – Based in South Bend, Indiana, Deluxe is a commercial sheet metal contractor and fabricator. Deluxe designs, fabricates, and installs dust collectors, commercial ductwork, kitchen hoods, industrial ventilation systems, machine guards, architectural work, water furnaces, and much more. In 2021, Deluxe merged its operations into MSM FW becoming MSM-SB.
- Excel Construction Services (“Excel”) – Based in Twin Falls, Idaho, Excel is an industrial service with customers in the Food, Beverage, Dairy, Mining, Petrochemical, Mineral, and Ammonia Refrigeration. Excel’s capabilities include a vast amount of field work including new fabrication, design build, installation, repairs, service, maintenance, turn arounds, down days planned or unplanned with quick and responsive teams for most any items required by the customer needs and demands.
- Impossible Aerospace (“IA”) now merged with Vayu Aerospace Corporation builds high performance electric unmanned aerial vehicles (“UAVs”). Founded in 2016 by former Tesla engineer Spencer Gore, IA unveiled its US-1 aircraft in 2018, unique for its long endurance and US origin. At the time the company was backed by Bessemer Venture Partners, Eclipse Venture, and Airbus Ventures. IA is committed to the advancement of cutting edge airframes, such as, the US-1 and the upcoming US-2 which will be powered by Solid State Batteries from its sister company, ElecJet. The IA team consists of experts in aviation, engineering, advanced imaging and law enforcement and come from some of the most progressive companies in the US including SpaceX, Tesla, NASA, FLIR Systems and Icon Aircraft. IA was merged into Vayu on January 7, 2022 and is operating at the Vayu location. The combined Company was renamed to Vayu Aerospace Corporation.
- Vayu Aerospace Corporation, formerly Vayu (US), Inc. (“Vayu”), has as its mission to solve the hardest and most critical logistics challenges, anywhere in the world. Vayu aims to set the standard and lead the market in safe, reliable, and affordable vertical take-off and landing (“VTOL”) aircraft. Vayu focuses on four key areas: medical, logistics, energy, and disaster relief.
 - Medical – From blood products for transfusion and time-sensitive anti-venoms, to critical medications, vaccines, and surgical supplies, Vayu’s drones deliver vital supplies --anywhere, anytime. Vayu’s drone not only brings precious cargo to remote areas, but it can also pick up medical products, such as lab samples, and return them to a central laboratory for testing.
 - Logistics - Mail. Spare parts. Consumer electronics. Time-sensitive documents. These are just a few examples of the use cases where Vayu’s vehicle can play a critical role. Delivery from hub-to-hub or to the ‘last mile’. Vayu’s vehicle can both decrease costs, due to its fuel efficiency and autonomous capability -- and increase market share.
 - Energy – Vayu’s drone can reach open-pit mines and offshore oil platforms. By transporting spare parts, or other commodities, Vayu’s vehicle can save a company from down-time and high costs of on-site stocking, while avoiding more costly forms of transportation.
 - Disaster Relief – In times of crisis, when infrastructure is compromised, Vayu’s drones can reach areas otherwise completely inaccessible. Whether it’s after an earthquake, hurricane, or flooding, Vayu’s drones can take off and land anywhere, and reach populations in need.

As noted above, in June 2021, the Company announced the combination of IA and Vayu to become Vayu Aerospace Corporation (“VAYU”), and the merger was completed in January 2022.

- Alternative Laboratories (“Alt Labs”) - Based in Fort Meyers, Florida, Alt Labs operates as a contract manufacturer of dietary and nutritional supplements.
- Thermal Dynamics International, Inc. (“TDI”) is an international contracting, fabricator, and project management services company. TDI's primary client is the United States Federal Government, including the Department of Defense and Department of State. TDI specializes in managing complex projects, assets and infrastructure for its customers, including support and services for the engineering, design, logistics and installation of HVAC, Control and Electrical systems in government facilities outside the United States.
- Identified Technologies - Based in Pittsburgh, Pennsylvania, provides geospatial and 3D data to customers in Construction, Oil/Gas, Mining, and Quarries. Users capture the raw data on site with small Unmanned Aerial Systems

[Table of Contents](#)

and use automated software to convert the raw imagery to geospatial data. Identified Technologies can both enable customers to deploy their own drone departments, and deploy certified pilots to capture the data as a service.

- ElecJet - Based in Indianapolis, Indiana, ElecJet operates as a manufacturer of electronic components, and a research and development company for graphene batteries.
- DTI Services Limited Liability Company, and Affiliates (collectively referred to as the “RCA”) is engaged in the design, manufacture and wholesale distribution of commercial LED lighting and electronics such as televisions, mounting solutions, projectors and screens, audio equipment, digital signage, mobile audio and video systems, and all wire and connecting products throughout the United States of America.
 - In January 2022, the Company announced the formation of RCA Batteries Corporation (RCA Batteries), a joint venture between RCA and ElecJet. RCA Batteries will reside under the Company’s subsidiary RCA and will operate as the manufacturer and distributor of the ElecJet family of graphene batteries.

Recent Developments

UAV Supply Agreement

On October 26, 2022, our subsidiary Vayu Aerospace Corporation, entered into an Unmanned Aerial Vehicles Supply Agreement (the “Agreement”) with All American Contracting Solutions, Inc., a Georgia Corporation (“All American”).

Pursuant to the Agreement, Vayu and All American agreed that All American would purchase from Vayu up to 225 units of Vayu’s model G1 drones over a four-year period, beginning in 2023. Specifically, Vayu agreed to manufacture and supply to All American the amount of Unmanned Aerial Vehicles (“UAVs”) as set forth on purchase orders to be submitted by All American, and All American agreed to purchase 100% of its requirements of Vayu’s UAVs from Vayu directly, and to not manufacture or purchase from any other third party, any of Vayu’s UAVs during the term of the Agreement. The parties agreed that payment for the UAVs would be made when orders were placed, according to the pricing set forth in the Agreement.

Vayu and All American agreed that All American would provide to Vayu a binding forecast of All American’s needs for UAVs for the first calendar quarter of 2023, and a non-binding forecast for the remaining three quarters of 2023, and that All American would continue to provide a rolling forecast of its UAV requirements. Vayu agreed to maintain and follow quality control standards and testing programs consistent with applicable ISO regulatory standards, and that all UAVs delivered would conform to the specifications agreed to by the parties. Vayu further agreed that the UAVs would be manufactured in compliance with all applicable present and future orders, regulations, requirements and laws of any and all federal, state, provincial and local authorities and agencies.

The form of Unmanned Aerial Vehicles Supply Agreement is filed as Exhibit 10 to a Current Report on Form 8-K filed with the SEC on October 28, 2022. The foregoing summary of the terms of the Unmanned Aerial Vehicles Supply Agreement is subject to, and qualified in its entirety by the form of the Unmanned Aerial Vehicles Supply Agreement.

Registered Direct Offering

On November 23, 2021, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain purchasers identified on the signature page thereto (the “Purchasers”), pursuant to which the Company sold to the Purchasers in a registered direct offering, an aggregate of 8,571,430 Shares of Class A Common Stock (the “Common Stock”) and Warrants (the “Warrants”) to purchase up to 4,285,715 Shares of Class A Common Stock (the “Warrant Shares”) underlying the Warrants, for aggregate gross proceeds to the Company of \$24,000,000, before deducting fees to the placement agent and other estimated offering expenses payable by the Company. At the closing, the Company issued an aggregate of 8,571,430 Shares and Warrants to purchase an aggregate of 4,285,715 Warrants Shares.

On July 11, 2022, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain purchasers identified on the signature page thereto (the “Purchasers”), pursuant to which the Company agreed to sell to the Purchasers in a registered direct offering, an aggregate of 14,492,754 shares (the “Shares”) of Class A Common Stock (the “Common Stock”) and Warrants (“Warrants”) to purchase up to 14,492,754 shares of Class A Common Stock (the “Warrant Shares”), for aggregate gross proceeds to the Company of \$10,000,000, before deducting fees to the placement agent and other estimated offering expenses payable by the Company. At the closing, the Company will issue an aggregate of 14,492,754 Shares and 14,492,754 Warrants. The Warrants have a term of five years and an exercise price of \$0.69.

ElecJet (RCA) Batteries

In March 2022, ElecJet engaged the Battery Innovation Center (BIC) in Newberry, Indiana, to conduct a third-party verification of the specifications of certain of ElecJet's Class of solid-state batteries previously confirmed by ElecJet in its laboratory. The testing included puncture testing, folding/crumpling tests, and thermal heat tests. The AX Battery Class is a Ceramic Oxide solid-state battery and comes in the form of a 31Ah Solid-State Battery and a 10Ah Solid-State Battery. All of the AX and G-AX Classes are true solid-state batteries and are not semi solid-state batteries. ElecJet engaged the BIC to perform several types of testing, ranging from verification of its charge capabilities, to energy density / power density, to induced failure point testing. The BIC tested two versions of the AX 31Ah the AX-01 and the AX-02. These two subclasses are designed for different market segments.

The AX-01 is an ultra-safe version that can withstand a variety of survivability use cases. The AX-01 has a slightly different material composition that enables its amazing survivability characteristics. The BIC confirmed that the AX-01 withstood being punctured, then folded, and finally crumpled while still holding a charge. The cell was then put through a temperature destruction test where the cell survived to a temperature of 410 degrees Fahrenheit (210 degrees Celsius). Details of the tests are described below:

- Nail Puncture Test: The AX-01 was punctured by a 3mm diameter nail. The nail was left inside the battery, purposely causing the battery to short, of which it did for over an hour while being suspended in the air. The battery's temperature fluctuated but would hover at around 98.6°F (37°C) near the end of the hour with a maximum measured temperature of 101.76°F (38.76°C). Subsequently, the battery was lowered back on to the metal surface for the nail to be removed and the battery quickly returned to room temperature. One amazing feature of the battery was that during the entirety of the test, the AX-01 was holding voltage and remained functional. Note: Traditional lithium batteries typically would instantly catch on fire and go into thermal runaway the moment the battery was punctured.
- Fold/Crumple Test: After the puncture test, the AX-01 was folded over its long side (AX-01 is a long rectangular shape) by a mechanical actuator. After it was folded to the point that both ends were touching each other, the battery was attempted to be folded over again by its short side. After being folded with as much force as the mechanical actuator could press out, the battery remained functional throughout the entire process and remained at room temperature. Note: Standard lithium batteries would normally catch on fire after being folded at even a small angle.
- Thermal Heat Test: The battery was placed in an oven and the oven would slowly and constantly increase in temperature to test the battery's heat exposure breaking point. The temperature of the battery was brought up to 428°F (220°C) before thermal runaway occurred creating a new BIC record. Once the battery eventually caught fire, the fire was unlike other thermal runaways where a battery spews a stream of fire from a concentrated point, but rather was much more contained to the surface area across the battery. Note: Typical lithium batteries would have a thermal runaway at 266°F (130°C) and the previous highest recorded temperature before thermal runaway on cells of similar capacity, with fielded chemistries, at the BIC was 302°F (150°C).

The BIC confirmed that the AX-01 measured a discharge energy of 111.41Wh at a C/2 rate (measured 31.70 Ah)). At a nominal volume of 0.17571 Liters for each cell and a nominal mass of 0.395 kg, this translates to 634Wh/L and 282Wh/kg of energy densities which are both dramatic improvements over current battery technology.

The AX-01 has a designed commercial cycle life of over 1,200 charge cycles. (Please note: this life cycle range was tested only in the Company's laboratories, and we have not yet received results from the BIC, which generally takes several months to complete.)

The AX-02 is an energy dense cell that also has a high degree of survivability but trades some of the safety material features of the AX-01 for much higher power densities and higher life cycles.

The BIC confirmed that the AX-02 has the capability to charge at 4C. This means that the battery can fully charge in just 15 minutes. The AX-02 is also capable of 7C discharging and over 2,400 life cycles, both of which are currently in the process of being confirmed by the BIC.

The BIC also confirmed that the AX-02 measured a discharge energy of 113.213Wh at a C/2 rate (measured 31.4 Ah). At a nominal volume of 0.17571 Liters for each cell and a nominal mass of 0.395 kg, this translates to 644Wh/L and 287Wh/kg of energy densities which are both dramatic improvements over current battery technology.

Additionally, the Company has been exploring and has had discussions with different battery engineering firms, capital partners and consultants, in anticipation of bringing production of the ElecJet AX Class of batteries to the United States. ElecJet has current plans to begin with a ½ GW battery factory to support non EV customers with products for ESS systems, aerospace platforms and defense systems that need safe reliable power cells. However, the Company anticipates that factory layout and space accommodation will be made for the factory to expand to 5 GW or greater, if demand from potential EV customers increases. The company has narrowed its search to build this factory to Phoenix and Tucson, Arizona; Houston, Texas; and Indianapolis, Indiana, and plans on making a decision on which location to build this factory in 2023. The Company has also taken an equity position in a battery design firm, and is exploring other strategic opportunities relating to production and design of the batteries in the United States.

Employees

As of the date of this Report, we had 495 full-time employees. We believe that our relationship with our employees is good. Other than as disclosed in this Report or previously filed with the SEC, we have no employment agreements with our employees.

ITEM 1A. RISK FACTORS

Because of the following factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Summary of our Risk Factors

We face numerous risks that could materially affect our business, results of operations or financial condition. The most significant of these risks include the following:

- The global supply chain is an issue for many companies in the global business environment as well as it is for Alpine 4. These constraints affected the company in 2022 and may affect our ability to deliver our products on time in 2023.
- Alpine 4 is an "emerging growth company," and the reduced disclosure requirements applicable to "emerging growth companies" could make our Class A common stock less attractive to investors.
- Growth and development of operations will depend on the acceptance of Alpine 4's proposed businesses. If Alpine 4's products are not deemed desirable and suitable for purchase and it cannot establish a customer base, it may not be able to generate future revenues, which would result in a failure of the business and a loss of the value of your investment.
- If demand for the products Alpine 4 plans to offer slows, then its business would be materially affected, which could result in the loss of your entire investment.
- Our revenue growth rate depends primarily on our ability to satisfy relevant channels and end-customer demands, identify suppliers of our necessary ingredients and to coordinate those suppliers, all subject to many unpredictable factors.
- If securities or industry analysts do not publish or cease publishing research or reports or publish misleading, inaccurate or unfavorable research about us, our business or our market, our stock price and trading volume could decline.
- Alpine 4 stockholders may have difficulty in reselling their shares due to the limited public market or state Blue Sky laws.
- The ongoing COVID-19 pandemic has caused severe disruptions in the U.S. and global economies, which has impacted the business, activities, and operations of our customers, as well as our business and operations. Additionally, through 2022, the U.S. and other economies have been impacted by supply chain disruptions, labor shortages and high inflation, all of which may have a negative impact on our business and operations.
- Our existing debt levels may adversely affect our financial condition or operational flexibility and prevent us from fulfilling our obligations under our outstanding indebtedness.

- Growth and development of operations will depend on the growth in our acquisition model and from organic growth from our subsidiaries' businesses. If we cannot find desirable acquisition candidates, we may not be able to generate growth with future revenues.
- We face risks related to COVID-19 which have significantly disrupted our manufacturing, research and development, operations, sales and financial results, and could continue to do so for the foreseeable future.
- Should we fail to restore compliance with the minimum listing standards applicable to issuers listed on The Nasdaq Capital Market, our common stock may be delisted from The Nasdaq Capital Market.

Risks Associated with Our Business and Operations

We are an "emerging growth company," and the reduced disclosure requirements applicable to "emerging growth companies" could make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we are an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding advisory "say-on-pay" votes on executive compensation and shareholder advisory votes on golden parachute compensation. We will remain an "emerging growth company" until the earliest of (i) the last day of the fiscal year during which we have total annual gross revenues of \$1 billion or more; (ii) the last date of the fiscal year following the fifth anniversary of the date of the first sale of common stock under the Company's first filed registration statement; (iii) the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt; and (iv) the date on which we are deemed to be a "large accelerated filer" under the Exchange Act. We will be deemed a large accelerated filer on the first day of the fiscal year after the market value of our common equity held by non-affiliates exceeds \$700 million, measured on October 31.

We cannot predict if investors will find our common stock less attractive to the extent we rely on the exemptions available to emerging growth companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Significant time and management resources are required to ensure compliance with public company reporting and other obligations. Taking steps to comply with these requirements will increase our costs and require additional management resources, and does not ensure that we will be able to satisfy them.

We are a publicly reporting company. As a public company, we are required to comply with applicable provisions of the Sarbanes-Oxley Act of 2002, as well as other federal securities laws, and rules and regulations promulgated by the SEC and the various exchanges and trading facilities where our Class A common stock may trade, which result in significant legal, accounting, administrative and other costs and expenses. These rules and requirements impose certain corporate governance requirements relating to director independence, distributing annual and interim reports, stockholder meetings, approvals and voting, soliciting proxies, conflicts of interest, and codes of conduct, depending on where our shares trade. Our management and other personnel will need to devote a substantial amount of time to ensure that we comply with all applicable requirements.

As we review our internal controls and procedures, we may determine that they are ineffective or have material weaknesses, which could impact the market's acceptance of our filings and financial statements.

In connection with the preparation of this Annual Report, we conducted a review of our internal control over financial reporting for the purpose of providing the management report required by these rules. During the course of our review and testing, we have identified deficiencies and have been unable to remediate them before we were required to provide the required reports. Furthermore, because we have material weaknesses in our internal control over financial reporting, we may not detect errors on a timely basis and our financial statements may be materially misstated. Even if we are able to remediate the material weaknesses, we may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of our stock to fall. In addition, as a public company we are required to file in a timely manner accurate quarterly and annual reports with the SEC under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. Any failure to report our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of our shares from the market or trading facility where our shares may trade, or other adverse consequences that would materially harm our business.

Our compliance with the Sarbanes-Oxley Act and SEC rules concerning internal controls may be time consuming, difficult and costly.

Alpine 4's executive officers have limited experience being officers of a public company. It may be time consuming, difficult and costly for us to continue to develop, implement, and update the internal controls and reporting procedures required by Sarbanes-Oxley. We may need to hire additional financial reporting, internal controls and other finance staff in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with Sarbanes-Oxley's internal controls requirements, we may not be able to obtain the independent accountant certifications that Sarbanes-Oxley Act requires publicly traded companies to obtain.

Alpine 4 is a growth-based company and has shown a net loss since inception. Ownership of Alpine 4 shares is highly risky and could result in a complete loss of the value of your investment if we are unsuccessful in its business plans.

As the Alpine 4's "Driver" classified subsidiaries mature from a start-up phase to an operating phase, the Company expects to stop incurring operating losses at some point in the future. However, new additional subsidiaries may incur significant expenses associated with the growth of those businesses. Further, there is no guarantee that the Company will be successful in realizing future revenues or in achieving or sustaining positive cash flow at any time in the future. Any such failure could result in the possible closure of one of its subsidiaries or force Alpine 4 to seek additional capital through loans or additional sales of its equity securities to continue business operations which would dilute the value of any shares you purchase in connection with this offering.

Growth and development of operations will depend on the growth in the Alpine 4 acquisition model and from organic growth from its subsidiaries' businesses. If we cannot find desirable acquisition candidates, it may not be able to generate growth with future revenues.

We expect to continue our strategy of acquiring businesses, which management believes will result in significant growth in projected annualized revenue by the end of 2023. However, there is no guarantee that we will be successful in realizing future revenue growth from its acquisition model. As such, we are highly dependent on suitable candidates to acquire, which supply of such candidates cannot be guaranteed and is driven from the market for M&A. If we are unable to locate or identify suitable acquisition candidates, or to enter into transactions with such candidates, or if we are unable to integrate the acquired businesses, we may not be able to grow our revenues to the extent anticipated, or at all.

We may make acquisitions which could divert the attention of management and which may not be integrated successfully into our existing business.

We may pursue acquisitions to increase our market penetration, enter new geographic markets and expand the scope of services we provide. We cannot guarantee that we will identify suitable acquisition candidates, that acquisitions will be completed on acceptable terms or that we will be able to integrate successfully the operations of any acquired business into our existing business. The acquisitions could be of significant size and involve operations in multiple jurisdictions. The acquisition and integration of another business would divert management attention from other business activities. This diversion, together with other difficulties we may incur in integrating an acquired business, could have a material adverse effect on our business, financial condition and results of operations. In addition, we may borrow money or issue capital

stock to finance acquisitions. Such borrowings might not be available on terms as favorable to us as our current borrowing terms and may increase our leverage, and the issuance of capital stock could dilute the interests of our stockholders.

As we acquire companies or technologies in the future, they could prove difficult to integrate, disrupt our business, dilute stockholder value and adversely affect our operating results and the value of your investment.

As part of our business strategy, we regularly evaluate investments in, or acquisitions of, complementary businesses, joint ventures, services and technologies, and we expect that periodically we will continue to make such investments and acquisitions in the future. Acquisitions and investments involve numerous risks, including:

- the potential failure to achieve the expected benefits of the combination or acquisition;
- difficulties in and the cost of integrating operations, technologies, services and personnel;
- diversion of financial and managerial resources from existing operations;
- risk of entering new markets in which we have little or no experience;
- potential write-offs of acquired assets or investments;
- potential loss of key employees;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- the inability to maintain relationships with customers and partners of the acquired business;
- the difficulty of incorporating acquired technology and rights into our products and services and of maintaining quality standards consistent with our established brand;
- potential unknown liabilities associated with the acquired businesses;
- unanticipated expenses related to acquired technology and its integration into existing technology;
- negative impact to our results of operations because of the depreciation and amortization of amounts related to acquired intangible assets, fixed assets and deferred compensation, and the loss of acquired deferred revenue;
- the need to implement controls, procedures and policies appropriate for a public company at companies that prior to the acquisition lacked such controls, procedures and policies; and
- challenges caused by distance, language and cultural differences.

In addition, if we finance acquisitions by issuing additional convertible debt or equity securities, our existing stockholders may be diluted which could affect the market price of our stock. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be seriously harmed, and the value of your investment may decline.

Alpine 4 has limited management resources and will be dependent on key executives. The loss of the services of the current officers and directors could severely impact Alpine 4's business operations and future development, which could result in a loss of revenues and adversely impact the business.

Alpine 4 is relying on a small number of key individuals, which the Company has increased during 2022, to implement its business and operations and, in particular, the professional expertise and services of Kent B. Wilson, our President, Chief Executive Officer, and Secretary, Jeff Hail, our Chief Operating Officer, and SaVonnah Osmanski, our Vice President, Corporate Controller. Mr. Wilson serves full time in his capacities with Alpine 4 to work to develop and grow the Company. Nevertheless, Alpine 4 may not have sufficient managerial resources to successfully manage the increased business activity envisioned by its business strategy. In addition, Alpine 4's future success depends in large part on the continued service of Mr. Wilson and the executive team. If Mr. Wilson or any member of the executive team chooses not to serve as an officer or if Mr. Wilson or any member of the executive team is unable to perform his or her duties, this could have an adverse effect on Company business operations, financial condition and operating results, especially if we are unable to replace Mr. Wilson or Mr. Hail with other individuals qualified to develop and market our business. The loss of their services could result in a loss of revenues, which could result in a reduction of the value of any ownership of Alpine 4.

Competition that we face is varied and strong.

Our subsidiaries' products and industries as a whole are subject to competition. There is no guarantee that we can sustain our market position or expand our business.

We compete with a number of entities in providing products to our customers. Such competitor entities include a variety of large nationwide corporations, including but not limited to public entities and companies that have established loyal customer bases over several decades.

Many of our current and potential competitors are well established and have significantly greater financial and operational resources, and name recognition than we have. As a result, these competitors may have greater credibility with both existing and potential customers. They also may be able to offer more competitive products and services and more aggressively promote and sell their products. Our competitors may also be able to support more aggressive pricing than we will be able to, which could adversely affect sales, cause us to decrease our prices to remain competitive, or otherwise reduce the overall gross profit earned on our products.

Our success in business and operations will depend on general economic conditions.

The success of Alpine 4 and its subsidiaries depends, to a large extent, on certain economic factors that are beyond its control. Factors such as general economic conditions, levels of unemployment, interest rates, tax rates at all levels of government, competition and other factors beyond Alpine 4's control may have an adverse effect on the ability of our subsidiaries to sell its products, to operate, and to collect sums due and owing to them.

Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results.

Our operations and performance may depend on global, regional, economic and geopolitical conditions. Russia's invasion and military attacks on Ukraine have triggered significant sanctions from North American and European leaders. These events are currently escalating and creating increasingly volatile global economic conditions. Resulting changes in North American trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a "trade war." A trade war could result in increased costs for raw materials that we use in our manufacturing and could otherwise limit our ability to sell our products abroad. These increased costs would have a negative effect on our financial condition and profitability. Furthermore, the military conflict between Russia and Ukraine may increase the likelihood of supply interruptions and further hinder our ability to find the materials we need to make our products. If the conflict between Russia and Ukraine continues for a long period of time, or if other countries become further involved in the conflict, we could face significant adverse effects to our business and financial condition.

Alpine 4 may not be able to successfully implement its business strategy, which could adversely affect its business, financial condition, results of operations and cash flows. If Alpine 4 cannot successfully implement its business strategy, it could result in the loss of the value of your investment.

Successful implementation of our business strategy depends on our being able to acquire additional businesses and grow our existing subsidiaries, as well as on factors specific to the industries in which our subsidiaries operate, and the state of the financial industry and numerous other factors that may be beyond our control. Adverse changes in the following factors could undermine our business strategy and have a material adverse effect on our business, our financial condition, and results of operations and cash flow:

- The competitive environment in the industries in which our subsidiaries operate that may force us to reduce prices below the optimal pricing level or increase promotional spending;
- Our ability to anticipate changes in consumer preferences and to meet customers' needs for our products in a timely cost-effective manner; and
- Our ability to establish, maintain and eventually grow market share in these competitive environments.

Our revenue growth rate depends primarily on our ability to satisfy relevant channels and end-customer demands, identify suppliers of our necessary ingredients and to coordinate those suppliers, all subject to many unpredictable factors.

We may not be able to identify and maintain the necessary relationships with suppliers of product and services as planned. Delays or failures in deliveries could materially and adversely affect our growth strategy and expected results. As we supply more customers, our rate of expansion relative to the size of such customer base will decline. In addition, one of our biggest challenges is securing an adequate supply of suitable product. Competition for product is intense, and commodities costs subject to price volatility.

Our ability to execute our business plan also depends on other factors, including:

- ability to keep satisfied vendor relationships;

- hiring and training qualified personnel in local markets;
- managing marketing and development costs at affordable levels;
- cost and availability of labor;
- the availability of, and our ability to obtain, adequate supplies of ingredients that meet our quality standards; and
- securing required governmental approvals in a timely manner when necessary.

Our financial condition and results of operations for fiscal 2023 may continue to be adversely affected by the COVID-19 pandemic.

The impact of the worldwide COVID-19 pandemic has been and will likely continue to be extensive in many geographies and aspects of society. The pandemic has resulted in and will likely continue to result in disruptions to the global economy, as well as businesses, supply chains and capital markets around the world.

Impacts to our business have included temporary closures of many of our government and university customers and our suppliers, disruptions or restrictions on our employees' and customers' ability to travel, and delays in product installations or shipments to and from affected countries. In an effort to halt the outbreak of COVID-19, a number of countries, including the United States, implemented and some continue to implement significant restrictions on travel, shelter in place or stay at home orders, and business closures. While some of these restrictions were loosened in certain jurisdictions, some markets have returned to restrictions in the face of increases in new COVID-19 cases, particularly as more contagious strains of the virus emerge. Many of our employees in jurisdictions in which we have significant operations continue to work remotely. Much of the commercial activity in sales and marketing, and customer demonstrations and applications training, is still either being conducted remotely or postponed. Even where customers have re-opened their sites, some still operate at productivity levels that are below pre-pandemic levels in an effort to accommodate safety protocols and as a result of pandemic-related supply chain disruptions. Any resurgence of the virus or the emergence of new strains of the virus, particularly any new strains which are more easily transmitted or which are resistant to existing vaccines, may require us or our customers to close or partially close operations once again. These travel restrictions, business closures and operating reductions at Alpine 4, our customers, our distributors, and/or our suppliers have in the past adversely impacted and may continue to adversely impact our operations, including our ability to manufacture, sell or distribute our products, as well as cause temporary closures of our distributors, or the facilities of suppliers or customers. Further, global supply chains continue to be disrupted, causing shortages, which has impacted our ability to manufacture and supply our products. We could also experience increased compensation expenses associated with employee recruiting and employee retention to the extent employment opportunities continue to multiply post-pandemic, causing the search for and retention of talent to become more competitive. This disruption of our employees, distributors, suppliers and customers has historically impacted and may continue to impact our global sales and future operating results.

We are continuing to monitor and assess the ongoing effects of the COVID-19 pandemic on our commercial operations in 2023 and going forward. However, we cannot at this time accurately predict what effects these conditions will ultimately have on our operations due to uncertainties relating to the severity of the disease, including the impact of any resurgence of the virus, the continued emergence of new strains of the virus, the effectiveness and availability of vaccines, the willingness of individuals to receive vaccines, (including to protect against any new strains of the virus), and the length or severity of travel restrictions, business closures, and other safety and precautionary measures imposed by the governments of impacted countries. The pandemic has also adversely affected the economies and financial markets of many countries, which has affected and may continue to affect demand for our products and our operating results.

In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may not survive such difficult economic times, which could directly affect our ability to attain our operating goals on schedule and on budget. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business. Furthermore, our stock price may decline due in part to the volatility of the stock market and any general economic downturn.

The preparation of the consolidated financial statements requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenues and expenses and related disclosure of contingent assets and liabilities. We evaluate estimates, judgments and methodologies on an ongoing basis. Changes in estimates are recorded in the period in which they become known. We base estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenues and expenses. The full extent to which the COVID-19 pandemic will directly or indirectly impact future business, results of operations and financial condition, including sales, expenses, reserves and allowances, manufacturing, research and development costs and employee-related amounts, will

depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19, the continued emergence of new strains of the virus, the effectiveness and availability of vaccines, the willingness of individuals to receive vaccines (including to protect against any new strains of the virus), and the actions taken to contain or treat the virus, as well as the economic impact on local, regional, national and international customers and markets. We have made estimates of the impact of COVID-19 within the consolidated financial statements and there may be changes to those estimates in future periods. Actual results may differ from management's estimates if these results differ from historical experience.

Our existing debt levels may adversely affect our financial condition or operational flexibility and prevent us from fulfilling our obligations under our outstanding indebtedness.

As of December 31, 2022, we had total debt of approximately \$22 million. This level of debt or any increase in our debt level could have adverse consequences for our business, financial condition, operating results and operational flexibility, including the following: (i) the debt level may cause us to have difficulty borrowing money in the future for working capital, capital expenditures, acquisitions or other purposes; (ii) our debt level may limit operational flexibility and our ability to pursue business opportunities and implement certain business strategies; and (iii) we have a higher level of debt than some of our competitors or potential competitors, which may cause a competitive disadvantage and may reduce flexibility in responding to changing business and economic conditions, including increased competition and vulnerability to general adverse economic and industry conditions. Additionally, there are two lines of credit set to mature in 2023 that have used approximately \$7.5 million of the \$8 million total capacity, and will be due unless there is an extension and/or amendment to the current agreements. If we fail to satisfy our obligations under our outstanding debt, an event of default could result that could cause some or all of our debt to become due and payable.

We are an early stage company with a history of losses and there is substantial doubt as to our going concern.

We have incurred net loss of \$12.8 million and \$19.5 million for the years ended December 31, 2022 and 2021, respectively, and have an accumulated deficit of approximately \$71.7 million. We believe that we will continue to incur operating and net losses each quarter until at least the time we begin to generate significant revenue and margin improvements from our subsidiaries, which may not happen. We have determined under our ASC 205-40 analysis, there is substantial doubt that we will have sufficient funds to satisfy our obligations through the next twelve months from the date of issuance of this Annual Report on Form 10-K. Our ability to continue as a going concern is dependent on our ability to obtain the necessary financing and margin improvements to meet our obligations and repay our liabilities arising from the ordinary course of business operations when they become due. The outcome of these matters cannot be predicted with any certainty at this time. If we are unable to raise sufficient capital when needed, our business, financial condition and results of operations will be materially and adversely affected, and we will need to significantly modify or terminate our operations and our planned business activities.

We face risks and uncertainties related to litigation.

We are subject to, and are and may in the future become a party to, a variety of litigation, other claims, suits. The results of litigation and other legal proceedings, including the other claims described under Legal Proceedings in Note 11, Commitments and Contingencies, to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K and incorporated by reference herein, are inherently uncertain and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages or injunctive relief against us. The litigation and other legal proceedings described under Note 11 are subject to future developments and management's view of these matters may change in the future.

Cybersecurity risks and cyber incidents, including cyber-attacks, could adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information and confidential information in our possession and damage to our business relationships, any of which could negatively impact our business, financial condition and operating results.

There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us due to our substantial reliance on information technology or otherwise. Cyber-attacks and other security threats could originate from a wide variety of sources, including cyber criminals, nation state hackers, hacktivists and other outside parties. As a result of the generally increasing frequency and sophistication of cyber-attacks, and our substantial reliance on technology, we may face a heightened risk of a security breach or disruption with respect to sensitive information resulting from an attack by computer hackers, foreign governments or cyber terrorists.

The operation of our business is dependent on computer hardware and software systems, as well as data processing systems and the secure processing, storage and transmission of information, which are vulnerable to security breaches and cyber incidents. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. In addition, we and our employees may be the target of fraudulent emails or other targeted attempts to gain unauthorized access to proprietary or other sensitive information. The result of these incidents may include disrupted operations, misstated or unreliable financial data, fraudulent transfers or requests for transfers of money, liability for stolen information, increased cybersecurity protection and insurance costs, litigation and damage to our business relationships, causing our business and results of operations to suffer. Our reliance on information technology is substantial, and accordingly the risks posed to our information systems, both internal and those provided by third-party service providers are critical. We have implemented processes, procedures and internal controls designed to mitigate cybersecurity risks and cyber intrusions and rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems; however, these measures, as well as our increased awareness of the nature and extent of a risk of a cyber-incident, do not guarantee that a cyber-incident will not occur and/or that our financial results, operations or confidential information will not be negatively impacted by such an incident, especially because the cyber-incident techniques change frequently or are not recognized until launched and because cyber-incidents can originate from a wide variety of sources.

Those risks are exacerbated by the rapidly increasing volume of highly sensitive data, including our and our customers' proprietary business information and intellectual property, and personally identifiable information of our employees and customers, that we collect and store in our data centers and on our networks. The secure processing, maintenance and transmission of this information are critical to our operations. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of employee, customer or other personally identifiable or our or our customers' proprietary business data, whether by third parties or as a result of employee malfeasance (or the negligence or malfeasance of third party service providers that have access to such confidential information) or otherwise, non-compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data could result in significant remediation and other costs, fines, litigation or regulatory actions against us and significant reputational harm.

Failure to maintain the security of our information and technology networks or data security breaches could harm our reputation and have a material adverse effect on our results of operations, financial condition and cash flow.

We rely on the reasonably secure processing, storage and transmission of confidential and other sensitive information in our computer systems and networks, and those of our service providers and their vendors. We are subject to various risks and costs associated with the collection, handling, storage and transmission of personally identifiable information and other sensitive information, including those related to compliance with U.S. and foreign data collection and privacy laws and other contractual obligations, as well as those associated with the compromise of our systems processing such information. In the ordinary course of our business, we collect, store a range of data, including our proprietary business information and intellectual property, and personally identifiable information of our employees, our fund investors and other third parties, in our cloud applications and on our networks, as well as our services providers' systems. The secure processing, maintenance and transmission of this information are critical to our operations. We, our service providers and their vendors face various security threats on a regular basis, including ongoing cybersecurity threats to and attacks on our and their information technology infrastructure that are intended to gain access to our proprietary information, destroy data or disable, degrade or sabotage our systems. Cyber-incident techniques change frequently, may not immediately be recognized and can originate from a wide variety of sources. There has been an increase in the frequency, sophistication and ingenuity of the data security threats we and our service providers face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent. Although we and our services providers take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorized access, theft, misuse, computer viruses or other malicious code, including malware, and other events that could have a security impact. We may be the target of more advanced and persistent attacks because, as an alternative asset manager, we hold a significant amount of confidential and sensitive information about, among other things, our fund investors, portfolio companies and potential investments. We may also be exposed to a more significant risk if these acts are taken by state actors. Any of the above cybersecurity threats, fraudulent activities or security breaches suffered by our service providers and their vendors could also put our confidential and sensitive information at risk or cause the shutdown of a service provider on which we rely. We and our employees have been and expect to continue to be the target of fraudulent calls and emails, the subject of impersonations and fraudulent requests for money, including attempts to redirect material payment amounts in a transaction to a fraudulent bank account, and other forms of spam attacks, phishing or other social engineering, ransomware or other events. Cyber-criminals may attempt to redirect payments made at the closings of our investments to unauthorized accounts, which we or our services providers we retain, such as paying agents and escrow agents, may be unable to detect or protect against. The COVID-19 pandemic has exacerbated these risks due to heavier reliance on online communication and the remote working environment, which may be less secure, and there has been a

significant increase in hacking attempts by cyber-criminals. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by others, including by our service providers. If successful, such attacks and criminal activity could harm our reputation, disrupt our business, cause liability for stolen assets or information and have a material adverse effect on our results of operations, financial condition and cash flow.

We rely heavily on our back office informational technology infrastructure, including our data processing systems, communication lines, and networks. Although we have back-up systems and business-continuation plan in place, our back-up procedures and capabilities in the event of a failure or interruption may not be adequate. Any interruption or failure of our informational technology infrastructure could result in our inability to provide services to our clients, other disruptions of our business, corruption or modifications to our data and fraudulent transfers or requests for transfers of money. Further consequences could include liability for stolen assets or information, increased cybersecurity protection and insurance costs and litigation. We expect that we will need to continue to upgrade and expand our back-up and procedures and capabilities in the future to avoid disruption of, or constraints on, our operations. We may incur significant costs to further upgrade our data processing systems and other operating technology in the future.

Our technology, data and intellectual property and the technology, data and intellectual property of our funds' portfolio companies are also subject to a heightened risk of theft or compromise to the extent that we and our funds' portfolio companies engage in operations outside the United States, particularly in those jurisdictions that do not have comparable levels of protection of proprietary information and assets, such as intellectual property, trademarks, trade secrets, know-how and customer information and records. In addition, we and our funds' portfolio companies may be required to forgo protections or rights to technology, data and intellectual property in order to operate in or access markets in a foreign jurisdiction. Any such direct or indirect loss of rights in these assets could negatively impact us, our funds and their investments.

A significant actual or potential theft, loss, corruption, exposure or fraudulent, unauthorized or accidental use or misuse of investor, employee or other personally identifiable or proprietary business data could occur, as a result of third-party actions, employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data. If such a theft, loss, corruption, use or misuse of data were to occur, it could result in significant remediation and other costs, fines, litigation and regulatory actions against us by (i) the U.S. federal and state governments, (ii) the EU or other jurisdictions, (iii) various regulatory organizations or exchanges and (iv) affected individuals, as well as significant reputational harm.

Cybersecurity has become a top priority for regulators around the world. Many jurisdictions in which we operate have laws and regulations relating to data privacy, cybersecurity and protection of personal information and other sensitive information, including, without limitation the General Data Protection Regulation (Regulation (EU) 2016/679) (the "GDPR") in the EU and the Data Protection Act 2018 in the U.K. (the "U.K. Data Protection Act"), comprehensive privacy laws enacted in California, Colorado and Virginia, the Hong Kong Personal Data (Privacy) Ordinance, the Korean Personal Information Protection Act and related legislation, regulations and orders and the Australian Privacy Act. China and other countries have also passed cybersecurity laws that may impose data sovereignty restrictions and require the localization of certain information. We believe that additional similar laws will be adopted in these and other jurisdictions in the future, further expanding the regulation of data privacy and cybersecurity. Such laws and regulations strengthen the rights of individuals (data subjects), mandate stricter controls over the processing of personal data by both controllers and processors of personal data and impose stricter sanctions with substantial administrative fines and potential claims for damages from data subjects for breach of their rights, among other requirements. Some jurisdictions, including each of the U.S. states as well as the EU through the GDPR and the U.K. through the U.K. Data Protection Act, have also enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data, which would require heightened escalation and notification processes with associated response plans. We expect to devote resources to comply with evolving cybersecurity and data privacy regulations and to continually monitor and enhance our information security and data privacy procedures and controls as necessary. We or our fund's portfolio companies may incur substantial costs to comply with changes in such laws and regulations and may be unable to adapt to such changes in the necessary timeframe and/or at reasonable cost. Furthermore, if we experience a cybersecurity incident and fail to comply with the applicable laws and regulations, it could result in regulatory investigations and penalties, which could lead to negative publicity and may cause our fund investors and clients to lose confidence in the effectiveness of our security and privacy measures.

The materialization of one or more of these risks could impair the quality of our operations, harm our reputation, negatively impact our businesses and limit our ability to grow.

We rely significantly on the use of information technology, as well as those of our third-party service providers. Our failure or the failure of third-party service providers to protect our website, networks, and systems against cybersecurity incidents, or otherwise to protect our confidential information, could damage our reputation and brand and substantially harm our business, financial condition, and results of operations.

To the extent that our services are web-based, we collect, process, transmit and store large amounts of data about our customers, employees, vendors and others, including credit card information and personally identifiable information, as well as other confidential and proprietary information. We also employ third-party service providers for a variety of reasons, including storing, processing and transmitting proprietary, personal and confidential information on our behalf. While we rely on tokenization solutions licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card numbers, advances in computer capabilities, new technological discoveries or other developments may result in the whole or partial failure of this technology to protect this data from being breached or compromised. Similarly, our security measures, and those of our third-party service providers, may not detect or prevent all attempts to hack our systems or those of our third-party service providers. DDoS attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other cybersecurity incidents and similar disruptions that may jeopardize the security of information stored in or transmitted by our website, networks and systems or that we or our third-party service providers otherwise maintain, including payment card systems, may subject us to fines or higher transaction fees or limit or terminate our access to certain payment methods. We and our service providers may not anticipate or prevent all types of attacks until after they have already been launched, and techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, and we may be unable to implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. In addition, cybersecurity incidents can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by persons with whom we have commercial relationships.

Breaches of our security measures or those of our third-party service providers or any cybersecurity incident could result in unauthorized access to our website, networks and systems; unauthorized access to and misappropriation of customer and/or employee information, including personally identifiable information, or other confidential or proprietary information of ourselves or third parties; viruses, worms, spyware or other malware being served from our website, networks or systems; deletion or modification of content or the display of unauthorized content on our website; interruption, disruption or malfunction of operations; costs relating to cybersecurity incident remediation, deployment of additional personnel and protection technologies, response to governmental investigations and media inquiries and coverage; engagement of third party experts and consultants; litigation, regulatory action and other potential liabilities. If any of these cybersecurity incidents occur, or there is a public perception that we, or our third-party service providers, have suffered such a breach, our reputation and brand could also be damaged and we could be required to expend significant capital and other resources to alleviate problems caused by such cybersecurity incidents. As a consequence, our business could be materially and adversely affected and we could also be exposed to litigation and regulatory action and possible liability. In addition, any party who is able to illicitly obtain a customer's password could access the customer's transaction data or personal information. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have a material adverse effect on our business, financial condition, and results of operations. This risk is heightened as governmental authorities throughout the U.S. and around the world devote increasing attention to data privacy and security issues.

While we maintain privacy, data breach and network security liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Additionally, even though we continue to devote resources to monitor and update our systems and implement information security measures to protect our systems, there can be no assurance that any controls and procedures we have in place will be sufficient to protect us from future cybersecurity incidents. Failure by us or our vendors to comply with data security requirements, including (if applicable) the California Consumer Privacy Act's ("CCPA") new "reasonable security" requirement in light of the private right of action, or rectify a security issue may result in class action litigation, fines and the imposition of restrictions on our ability to accept payment cards, which could adversely affect our operations. As cyber threats are continually evolving, our controls and procedures may become inadequate and we may be required to devote additional resources to modify or enhance our systems in the future. As a result, we may face interruptions to our systems, reputational damage, claims under privacy and data protection laws and regulations, customer dissatisfaction, legal liability, enforcement actions or additional costs, any and all of which could adversely affect our business, financial condition, and results of operations. In addition, although we seek to detect and investigate data security incidents, security breaches and other incidents of unauthorized access to our information technology systems and data can be difficult to detect and any delay in identifying such breaches or incidents may lead to increased harm and legal exposure of the type described above.

Environmental, social and governance matters may impact our business and reputation.

Increasingly, in addition to the importance of their financial performance, companies are being judged by their performance on a variety of environmental, social and governance ("ESG") matters, which are considered to contribute to the long-term sustainability of companies' performance.

A variety of organizations measure the performance of companies on ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, companies' efforts and impacts on climate change and human rights, ethics and compliance with law, diversity and the role of companies' board of directors in supervising various sustainability issues.

ESG goals and values are embedded in our core mission and vision, and we actively take into consideration their expected impact on the sustainability of our business over time and the potential impact of our business on society and the environment, including offsetting or reducing carbon emissions and sound pollution from launches. However, in light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet society's expectations as to our proper role. This could lead to risk of litigation or reputational damage relating to our ESG policies or performance.

Further, our emphasis on ESG issues may not maximize short-term financial results and may yield financial results that conflict with the market's expectations. We have and may in the future make business decisions that may reduce our short-term financial results if we believe that the decisions are consistent with our ESG goals, which we believe will improve our financial results over the long-term. These decisions may not be consistent with the short-term expectations of our stockholders and may not produce the long-term benefits that we expect, in which case our business, financial condition, and operating results could be harmed.

Risks Related to Our Class A Common Stock

We may, in the future, issue additional securities, which would reduce our stockholders' percent of ownership and may dilute our share value.

Our Certificate of Incorporation, as amended to date, authorizes us to issue 295,000,000 shares of Class A common stock, and 10,000,000 shares of Class B common stock and 15,000,000 Class C stock. As of the date of this Report, we had 180,037,350 shares of Class A common stock outstanding; 7,248,088 shares of Class B common stock issued and outstanding; and 12,256,816 shares of Class C common stock issued and outstanding.

The future issuance of additional shares of Class A common stock will result in additional dilution in the percentage of our Class A common stock held by our then existing stockholders. We may value any Class A common stock issued in the future on an arbitrary basis including for services or acquisitions or other corporate actions that may have the effect of diluting the value of the shares held by our stockholders, and might have an adverse effect on any trading market for our Class A common stock. Additionally, our board of directors may designate the rights terms and preferences of one or more series of preferred stock at its discretion including conversion and voting preferences without prior notice to our stockholders. Any of these events could have a dilutive effect on the ownership of our shareholders, and the value of shares owned.

Raising additional capital or purchasing businesses through the issuance of common stock will cause dilution to our existing stockholders.

We may seek additional capital through a combination of private and public equity offerings, debt financings, collaborations, and strategic and licensing arrangements, as well as issuing stock to make additional business or asset acquisitions. To the extent that we raise additional capital through the sale of common stock or securities convertible or exchangeable into common stock or through the issuance of equity for purchases of businesses or assets, your ownership interest in Alpine 4 will be diluted.

Future sales of substantial amounts of our Class A common stock into the public and the issuance of the shares upon conversion of the outstanding convertible notes will be dilutive to our existing stockholders and could result in a decrease in our stock price.

Raising additional capital may restrict our operations or require us to relinquish rights.

We may seek additional capital through a combination of private and public equity offerings, debt financings, collaborations, and strategic and licensing arrangements. To the extent that we raise additional capital through the sale of common stock or securities convertible or exchangeable into common stock, the terms of any such securities may include liquidation or other preferences that materially adversely affect your rights as a stockholder. Debt financing, if available, would increase our fixed payment obligations and may involve agreements that include covenants limiting or restricting

our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration, strategic partnerships and licensing arrangements with third parties, we may have to relinquish valuable rights to our intellectual property, future revenue streams or grant licenses on terms that are not favorable to us.

Market volatility may affect our stock price and the value of your shares.

The market price for our Class A common stock is likely to be volatile, in part because of the volume of trades of our Class A common stock. In addition, the market price of our Class A common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including, among others:

- announcements of new products, brands, commercial relationships, acquisitions or other events by us or our competitors;
- regulatory or legal developments in the United States and other countries;
- fluctuations in stock market prices and trading volumes of similar companies;
- general market conditions and overall fluctuations in U.S. equity markets;
- social and economic impacts resulting from the global COVID-19 pandemic;
- variations in our quarterly operating results;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- changes in accounting principles;
- our ability to raise additional capital and the terms on which we can raise it;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- additions or departures of key personnel;
- discussion of us or our stock price by the press and by online investor communities; and
- other risks and uncertainties described in these risk factors.

If securities or industry analysts do not publish or cease publishing research or reports or publish misleading, inaccurate or unfavorable research about us, our business or our market, our stock price and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. We currently have limited coverage and may never obtain increased research coverage by securities and industry analysts. If no or few securities or industry analysts cover our company, the trading price and volume of our stock would likely be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, or provides more favorable relative recommendations about our competitors, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price or trading volume to decline.

Future sales of our Class A common stock may cause our stock price to decline.

Sales of a substantial number of shares of our Class A common stock in the public market or the perception that these sales might occur could significantly reduce the market price of our Class A common stock and impair our ability to raise adequate capital through the sale of additional equity securities.

Alpine 4 may issue Preferred Stock with voting and conversion rights that could adversely affect the voting power of the holders of Class A Common Stock.

Pursuant to our Certificate of Incorporation, our Board of Directors may issue Preferred Stock with voting and conversion rights that could adversely affect the voting power of the holders of Class A Common Stock. In the fourth quarter of 2019, we issued shares of a newly designated Series B Preferred Stock to members of our Board of Directors. The outstanding shares of Series B Preferred Stock have voting rights in the aggregate equal to 200% of the total voting power of our other outstanding securities, giving our Board of Directors control over any matters submitted to the vote of the shareholders of Alpine 4. Any such provision may be deemed to have a potential anti-takeover effect, and the issuance of Preferred Stock in accordance with such provision may delay or prevent a change of control of Alpine 4. The Board of Directors also may declare a dividend on any outstanding shares of Preferred Stock.

Our Class A common stock will be subject to potential delisting if we do not maintain the listing requirements of the Nasdaq, which would adversely affect the liquidity of our Class A common stock and our ability to raise additional capital or enter into strategic transactions.

Our failure to maintain our listing and our Class A common stock being delisted from Nasdaq would make it more difficult for stockholders to dispose of their shares of Class A common stock and more difficult to obtain accurate price quotations on our Class A common stock.

For example, on June 2, 2022, the Company received a letter from the Listing Qualifications Department (the “Staff”) of the Nasdaq Stock Market (“Nasdaq”) notifying the Company that, for the preceding 30 consecutive business days, the closing bid price for the Company’s Class A Common Stock (the “Common Stock”) was below the minimum \$1.00 per share requirement for continued inclusion on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2) (the “Bid Price Requirement”).

On April 18, 2023, we held our 2022 Annual Meeting of shareholders (the “Annual Meeting”). At the Annual Meeting, one of the matters voted on was a proposal to authorize the Board of Directors, at the discretion of the Board and if necessary to meet the Nasdaq Bid Price Requirement, but prior to the one-year anniversary of the date on which the Reverse Split Amendment is approved by the Company’s shareholders, to file an Amendment to the Company’s Certificate of Incorporation, as amended to date, to authorize a reverse stock split of the Company’s Class A, Class B, and Class C Common Stock (the “Reverse Stock Split Amendment”) with a ratio in the range between and including 1-for-1.5 shares and 1-for-10 shares. The goals of the Reverse Stock Split Amendment include regaining compliance with the Bid Price Requirement, although there can be no guarantee that the market price of our shares will continue to trade above the Bid Price Requirement.

The Reverse Stock Split Amendment, if implemented, will not change the par value of the common stock or the authorized number of shares of common stock. All outstanding options, restricted stock awards, warrants and other securities entitling their holders to purchase or otherwise receive shares of our common stock will be adjusted as a result of the Reverse Stock Split Amendment, as required by the terms of each security. The number of shares available to be awarded under the 2019 Equity Plan will also be appropriately adjusted. This proposal was approved by the shareholders.

There are many factors that may adversely affect our minimum bid price. Many of these factors are outside of our control. As a result, we may not be able to sustain compliance with Rule 5550(a)(2) in the long term. Any potential delisting of our Class A common stock from the Nasdaq would likely result in decreased liquidity and increased volatility for our Class A common stock and would adversely affect our ability to raise additional capital or to enter into strategic transactions, in addition to adversely impacting the perception of our financial condition and could cause reputational harm to investors and parties conducting business with us. Any potential delisting of our Class A common stock from the Nasdaq would also make it more difficult for our stockholders to sell our Class A common stock.

We will have broad discretion in how we use the net proceeds of future capital raising transactions. We may not use these proceeds effectively, which could affect our results of operations and cause our stock price to decline.

We will have considerable discretion in the application of the net proceeds of any future capital raising transactions. We intend to use the net proceeds from future capital raising transactions to fund development of our products and working capital and other general corporate purposes. As a result, investors will be relying upon management’s judgment with only limited information about our specific intentions for the use of the balance of the net proceeds of such capital raising transactions. We may use the net proceeds for purposes that do not yield a significant return or any return at all for our stockholders. In addition, pending their use, we may invest the net proceeds from that offering in a manner that does not produce income or that loses value.

The market price for our common stock may be volatile, and an investment in our common stock could decline in value.

The stock market in general has experienced extreme price and volume fluctuations. The market prices of the securities of biotechnology and specialty pharmaceutical companies, particularly companies like ours without product revenues and earnings, have been highly volatile and may continue to be highly volatile in the future. This volatility has often been unrelated to the operating performance of particular companies. The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our common stock:

- announcements of technological innovations or new products by us or our competitors;
- developments or disputes concerning patents or proprietary rights, including announcements of infringement, interference or other litigation against us or our potential licensees;
- developments involving our efforts to commercialize our products, including developments impacting the timing of commercialization;
- actual or anticipated fluctuations in our operating results;
- changes in financial estimates or recommendations by securities analysts;
- developments involving corporate collaborators, if any;
- changes in accounting principles; and
- the loss of any of our key management personnel.

In the past, securities class action litigation has often been brought against companies that experience volatility in the market price of their securities. Whether or not meritorious, litigation brought against us could result in substantial costs and a diversion of management's attention and resources, which could adversely affect our business, operating results and financial condition.

We do not anticipate paying dividends on our common stock and, accordingly, stockholders must rely on stock appreciation for any return on their investment.

We have never declared or paid cash dividends on our common stock and do not expect to do so in the foreseeable future. The declaration of dividends is subject to the discretion of our board of directors and limitations under applicable law, and will depend on various factors, including our operating results, financial condition, future prospects and any other factors deemed relevant by our board of directors. You should not rely on an investment in our company if you require dividend income from your investment in our company. The success of your investment will likely depend entirely upon any future appreciation of the market price of our common stock, which is uncertain and unpredictable. There is no guarantee that our common stock will appreciate in value.

We expect that our quarterly results of operations will fluctuate, and this fluctuation could cause our stock price to decline.

Our quarterly operating results are likely to fluctuate in the future. These fluctuations could cause our stock price to decline. The nature of our business involves variable factors, such as the timing of the research, development and regulatory pathways of our product candidates, which could cause our operating results to fluctuate.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable to Smaller Reporting Companies.

ITEM 2. PROPERTIES.

Alpine 4 Holdings, Inc., maintains our corporate office in rented offices at 2525 E Arizona Biltmore Cir, Suite 237, Phoenix, Arizona 85016. The monthly rent obligation is approximately \$8,600 per month.

[Table of Contents](#)

Quality Circuit Assembly, Inc. rents a location at 1709 Junction Court #380, San Jose, California 95112. The monthly rent obligation is approximately \$38,200 per month.

Quality Circuit Assembly Central, rents a property at 4401 Savannah St., Fort Smith, Arkansas 72903 for \$16,500 per month.

Morris Sheet Metal - South Bend ("MSM SB") rents space at 6661 Lonewolf Dr, South Bend, Indiana 46628. The rent obligation is approximately \$80,800 per month. During the year ended December 31, 2021, MSM SB began operating out of the Morris Sheet Metal Fort Wayne ("MSM FW") location upon the merger of MSM SB and MSM FW.

MSM FW and JTD Spiral rent office and fabrication space at 6212 Highview Dr, Fort Wayne, Indiana 46818. The monthly rent obligation is approximately \$27,300.

Excel Construction Services rents office and fabrication space at 297 Wycoff Cir, Twin Falls, Idaho 83301. The monthly rent obligation is approximately \$18,700.

Vayu (US) has its headquarters at 3753 Plaza Drive, Ann Arbor, Michigan 48108. The monthly rent obligation is approximately \$16,000.

Alt Labs rents the building of its headquarters at 4740 S Cleveland Ave, Fort Myers, Florida 33907. The monthly rent obligation is approximately \$67,700.

Thermal Dynamics International rents space at 14955 Technology Court, Fort Myers, Florida 33912. The monthly rent obligation is approximately \$21,700.

Identified Technologies has its headquarters at 6401 Penn Ave, Suite 211, Pittsburgh, Pennsylvania 15206. The monthly rent obligation is approximately \$1,800.

DTI Services Limited Liability Company rents office and warehouse space at 5935 W. 84th Street, Indianapolis, Indiana 46278. The monthly rent obligation is approximately \$34,400.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, claims may be made against us in the ordinary course of business, which could result in litigation. Claims and associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary damages, fines, penalties, or injunctions prohibiting us from selling one or more products or engaging in other activities. The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on our results of operations for that period or future periods.

See Note 11 of Notes to Consolidated Financial Statements in Part IV, Item 15 of this report.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES. MARKET PRICES AND DIVIDEND DATA

Stock Prices

As of the date of this Report, our Class A common stock is listed on The Nasdaq Capital Market under the symbol ALPP. Alpine 4 plans to work with a market maker and other professionals to drive trading volume and interest in the stock.

[Table of Contents](#)

The following table sets forth the range of high and low sales prices per share of our common stock during the periods shown.

	2023		2022		2021	
	High	Low	High	Low	High	Low
First Quarter	\$ 0.75	\$ 0.45	\$ 2.15	\$ 1.05	\$ 8.51	\$ 2.45
Second Quarter			\$ 1.17	\$ 0.61	\$ 5.11	\$ 2.56
Third Quarter			\$ 1.10	\$ 0.54	\$ 3.24	\$ 2.20
Fourth Quarter			\$ 0.85	\$ 0.49	\$ 5.36	\$ 1.84

PLEASE NOTE: Trading in the Company's Class A common stock is limited, and as such, relatively small sales may have a disproportionately large impact on the trading price. The prices shown in the table above reflect the price fluctuations resulting from relatively low volume of trades.

The high and low sales prices for our Class A common stock on May 1, 2023, were \$0.320 and \$0.291, respectively.

Shareholders

As of May 1, 2023, Alpine 4 had 641 shareholders of record of our Class A shares, 9 shareholders of record of our Class B shares and 458 shareholders of record of our Class C shares. This number does not include an indeterminate number of stockholders whose shares are held by brokers in street name. The holders of our Class A common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders of our Class B common stock have ten (10) votes for each share held of record on all matters submitted to a vote of stockholders. The holders of our Class C common stock have five (5) votes for each share held of record on all matters submitted to a vote of stockholders. Holders of our common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to our common stock.

Dividends

Alpine 4 has not declared any cash dividends on its common stock since inception and does not anticipate paying such dividends in the foreseeable future. Any decisions as to future payments of dividends will depend on Alpine 4's earnings and financial position and such other facts, as the Board of Directors deems relevant.

Director Independence

Independent Directors

Nasdaq's rules generally require that a majority of an issuer's board of directors must consist of independent directors. The Company's Class A common stock began trading on The Nasdaq Capital Market on October 20, 2021. In anticipation of the Company's Class A common stock's beginning to trade on The Nasdaq Capital Market, on March 2, 2021, the Company's Board of Directors (the "Board") unanimously determined to increase the size of the Board, and appointed four new independent directors in connection with the Company's efforts to list its Class A common stock for trading on The Nasdaq Stock Market. The new directors appointed were Gerry Garcia, Edmond Lew, Christophe Jeunot, and Jonathan Withem. On April 6, 2022 the Company also appointed Andrew Call as an additional director.

Management believes that these five directors, Ms. Garcia and Messrs. Lew, Jeunot, Call and Withem, meet the Nasdaq director independence standards as they are not and have not been within the past three years employees or executive officers of the Company, have not received compensation from the Company in any 12-month period in the last three years, and have not been employed as an executive officer of another company where the Company's current executive officers during the past three years served on the compensation committee of such other company.

Securities Authorized for Issuance under Equity Compensation Plans

Adoption of 2016 Stock Option and Stock Award Plan

On November 10, 2016, the Company's Board of Directors adopted the Company's 2016 Stock Option and Stock Award Plan (the "Plan"). Pursuant to the Plan, the Company may issue stock options, including incentive stock options and non-qualifying stock options, and stock grants to employees and consultants of the Company, as set forth in the Plan, a copy of which was filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2016.

The Company has reserved 2,000,000 shares of the Company's Class A common stock for issuance under the Plan.

Adoption of 2021 Equity Incentive Plan

On December 8, 2021, the Company's Board of Directors adopted the Company's 2021 Equity Incentive Plan (the "2021 Plan"). Pursuant to the 2021 Plan, the Company may issue (a) Incentive Stock Options, (b) Non-qualified Stock Options, (c) Stock Appreciation Rights, (d) Restricted Awards, (e) Performance Share Awards, (f) Cash Awards, and (g) Other Equity-Based Awards. The 2021 Plan will enable the Company to provide stock-based incentives that align the interests of employees, consultants and directors with those of the stockholders of the Company; promote the success of the Company's business; and to attract and retain the types of employees, consultants and directors who will contribute to the Company's long range success. A copy of the Plan was filed as Appendix B to the Company's Definitive Proxy Statement filed with the Commission on February 1, 2022. The 2021 Plan was approved by the Company's shareholders at the 2021 Annual Meeting on March 25, 2022.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,790,000	\$ 0.19	5,210,000
Equity compensation plans not approved by security holders			
Total	1,790,000	\$ 0.19	5,210,000

Recent Sales of Unregistered Securities

Issuances in 2023

In January 2023, a certain shareholder converted 11,417 shares of Class C common stock for 11,417 shares of Class A common stock.

The shares of Class A common stock referenced above that were issued in 2023, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In April 2023, a certain shareholder converted 1.3 million shares of Class B common stock and 1 share of Class B preferred stock for 1,300,001 shares of Class A common stock.

The shares of Class A common stock referenced above that were issued in 2023, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Issuance in 2022

In January 2022, the Company issued 72,152 shares of Class A common stock for no additional consideration upon conversion of 10,149 shares of Series C Preferred Stock and 78,674 shares of Series D Preferred Stock.

The shares of Class A common stock issued upon conversion of the Series C and Series D Preferred Stock into Class A common stock were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In March 2022, the Company issued 39,386 shares of Class A Common Stock to management in connection with the acquisition of DTI Services Limited Liability Company.

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On April 29, 2022, the Company issued 171,850 shares of Class A common stock at a value of \$132,325 as employee compensation.

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

During May and June 2022, the Company issued 76,119 shares of Class A common stock for cash of \$55,144 in connection with a registered at-the-market offering (the "ATM Offering").

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In July 2022, the Company issued 60,600 shares of Class A common stock for cash of \$42,318 in connection with its ATM offering.

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In August 2022, certain investors exercised 1,449,276 warrants at an exercise price of \$0.69, for net proceeds of \$1,000,000.

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In September 2022, certain shareholders converted 37,500 shares of Class C common stock for 37,500 shares of Class A common stock.

[Table of Contents](#)

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In October 2022, certain shareholders converted 201,806 shares of Class C common stock for 201,806 shares of Class A common stock. The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In November 2022, certain shareholders converted 22,662 shares of Class C common stock for 22,662 shares of Class A common stock.

The shares of Class A common stock referenced above that were issued in 2022, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Issuances in 2021

In January 2021, the Company issued 1,432,244 shares of Series D Preferred Stock in connection with the Vayu (US) merger transaction.

The shares of Series D Preferred Stock issued in connection with the Vayu (US) merger transaction were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

For the year ended December 31, 2021, the Company issued an aggregate of 7,384,018 shares of its restricted Class A common stock for convertible debt of \$1,886,896.

The shares of Class A common stock referenced above that were issued in 2021, were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In May 2021, the Company issued 281,223 shares of Class A common stock in connection with the TDI acquisition.

The shares of Class A common stock issued in connection with the TDI acquisition were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

In May 2021, the Company issued 361,787 shares of Class A common stock in connection with the Alt Labs acquisition.

The shares of Class A common stock issued in connection with the Alt Labs acquisition were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On April 30, 2021, the Company issued 1,617,067 shares of Class A common stock upon conversion of shares of Class C common stock by the holder of the Class C common stock.

The shares of Class A common stock issued upon conversion of the Class C common stock into Class A common stock were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On May 17, 2021, the Company issued 350,000 shares of Class A common stock upon conversion of shares of Class B common stock by the holder of the Class B common stock.

On November 15, 2021, the Company issued 125,000 shares of Class A common stock upon conversion of shares of Class B common stock by the holder of the Class B common stock.

The shares of Class A common stock issued upon conversion of the Class B common stock were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On October 20, 2021, in connection with the purchase of the outstanding securities of Identified Technologies Corporation, the Company issued 888,881 shares of its Class A Common Stock.

The shares of Class A common stock issued in connection with the Identified Technologies Corporation acquisition were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On November 1, 2021, the Company issued 2,409,258 shares of Class A common stock for no additional consideration upon conversion of 1,704,137 shares of Series C Preferred Stock and 1,353,570 shares of Series D Preferred Stock.

The shares of Class A common stock issued upon conversion of the Series C and Series D Preferred Stock into Class A common stock were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On November 29, 2021, the Company issued 1,803,279 shares of Class A common stock in connection with the ElecJet acquisition.

The shares of Class A common stock issued in connection with the ElecJet acquisition were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On December 9, 2021, in connection with the acquisition of DTI Services Limited Liability Company, the Company issued 1,587,301 shares of its Class A Common Stock and 396,825 warrant shares.

The shares of Class A common stock issued in connection with the DTI Services Limited Liability Company acquisition were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On December 20, 2021, the Company issued 100,000 shares of Class A common stock in connection with the Horizon legal proceedings.

The shares of Class A common stock issued in connection with the Horizon legal proceedings were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

On December 29, 2021, the Company issued 99,018 shares of Class A common stock to management in connection with the acquisition of DTI Services Limited Liability Company.

The additional shares of Class A common stock issued in connection with the DTI Services Limited Liability Company acquisition were issued without registration under the 1933 Act in reliance on Section 4(a)(2) of the 1933 Act and the rules and regulations promulgated thereunder.

Purchases of Equity Securities by the Company and Affiliated Purchasers

During the year ended December 31, 2022, there were no purchases of the Company's equity securities by the Company or affiliated purchasers.

Issuer Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
Month #1 – October 1-31, 2022	0	\$0	0	0
Month #2 – November 1-30, 2022	0	\$0	0	0
Month #3 – December 1-31, 2022	0	\$0	0	0
Total	0	\$0		

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

There are statements in this Report that are not historical facts. These "forward-looking statements" can be identified by use of terminology such as "believe," "hope," "may," "anticipate," "should," "intend," "plan," "will," "expect," "estimate," "project," "positioned," "strategy" and similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. For a discussion of these risks, you should read this entire Report carefully, especially the risks discussed under "Risk Factors." Although management believes that the assumptions underlying the forward-looking statements included in this Report are reasonable, they do not guarantee our future performance, and actual results could differ from those contemplated by these forward-looking statements. The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. In the light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this Report will in fact transpire. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We expressly disclaim any obligation or intention to update or revise any forward-looking statements.

Overview and Highlights

Company Background

Alpine 4 Holdings, Inc. ("we" or the "Company"), was incorporated under the laws of the State of Delaware on April 22, 2014. We are a publicly traded conglomerate that is acquiring businesses that fit into its disruptive DSF business model of Drivers, Stabilizers, and Facilitators. At Alpine 4, we understand the nature of how technology and innovation can accentuate a business. Our focus is on how the adaptation of new technologies even in brick and mortar businesses can drive innovation. We also believe that our holdings should benefit synergistically from each other and that the ability to have collaboration across varying industries can spawn new ideas and create fertile ground for competitive advantages.

As of the date of this Report, the Company was a holding company that owned fourteen operating subsidiaries:

- A4 Corporate Services, LLC;
- ALTIA, LLC;
- Quality Circuit Assembly, Inc.;
- Morris Sheet Metal, Corp;

[Table of Contents](#)

- JTD Spiral, Inc.;
- Excel Construction Services, LLC;
- SPECTRUMebos, Inc.;
- Vayu (US), Inc.;
- Thermal Dynamics, Inc.;
- Alternative Laboratories, LLC.;
- Identified Technologies Corporation;
- ElecJet Corp.;
- DTI Services Limited Liability Company (doing business as RCA Commercial Electronics); and
- Global Autonomous Corporation.

Starting in the first quarter of 2020, we also created additional subsidiaries to act as silo holding companies, organized by industries. These silo subsidiaries are A4 Construction Services, Inc. (“A4 Construction”), A4 Manufacturing, Inc. (“A4 Manufacturing”), and A4 Technologies, Inc. (“A4 Technologies”), A4 Aerospace Corporation (“A4 Aerospace”), and A4 Defense Services, Inc. (“A4 Defense Services”). All of these holding companies are Delaware corporations. Each is authorized to issue 1,500 shares of common stock with a par value of \$0.01 per share, and the Company is the sole shareholder of each of these subsidiaries.

Business Strategy

What We Do:

Alexander Hamilton in his “Federalist paper #11”, said that our adventurous spirit distinguishes the commercial character of America. Hamilton knew that our freedom to be creative gave American businesses a competitive advantage over the rest of the world. We believe that Alpine 4 also exemplifies this spirit in our subsidiaries and that our greatest competitive advantage is our highly diverse business structure combined with a culture of collaboration.

It is our mandate to grow Alpine 4 into a leading, multi-faceted holding company with diverse subsidiary holdings with products and services that not only benefit from one another as a whole, but also have the benefit of independence. This type of corporate structure is about having our subsidiaries prosper through strong onsite leadership while working synergistically with other Alpine 4 holdings. The essence of our business model is based around acquiring B2B companies in a broad spectrum of industries via our acquisition strategy of DSF (Drivers, Stabilizer, Facilitator). Our DSF business model (which is discussed more below) offers our shareholders an opportunity to own small-cap businesses that hold defensible positions in their individual market space. Further, Alpine 4’s greatest opportunity for growth exists in the smaller to middle-market operating companies with revenues between \$5 to \$150 million annually. In this target-rich environment, businesses generally sell at more reasonable multiples, presenting greater opportunities for operational and strategic improvements that have greater potential to enhance profit.

Driver, Stabilizer, Facilitator (DSF)

Driver: A Driver is a company that is in an emerging market or technology, that has enormous upside potential for revenue and profits, with a significant market opportunity to access. These types of acquisitions are typically small, brand new companies that need a structure to support their growth.

Stabilizer: Stabilizers are companies that have sticky customers, consistent revenue and provide solid net profit returns to Alpine 4.

Facilitators: Facilitators are our “secret sauce”. Facilitators are companies that provide a product or service that an Alpine 4 sister company can use as leverage to create a competitive advantage.

When you blend these categories into a longer-term view of the business landscape, you can then begin to see the value-driving force that makes this a truly purposeful and powerful business model. As stated earlier, our greatest competitive advantage is our highly diversified business structure combined with a collaborative business culture, that helps drive out competition in our markets by bringing; resources, planning, technology and capacity that our competitors simply don’t have. DSF reshapes the environment each subsidiary operates in by sharing and exploiting the resources each company has, thus giving them a competitive advantage that their peers don’t have.

How We Do It:

Optimization vs. Asset Producing

The process to purchase a perspective company can be long and arduous. During our due diligence period, we are validating and determining three major points, not just the historical record of the company we are buying. Those three major points are what we call the “What is, What Should Be and What Will Be”.

- “The What Is” (TWI). TWI is the defining point of where a company is holistically in a myriad of metrics; Sales, Finance, Ease of Operations, Ownership and Customer Relations to name a few. Subsequently, this is usually the point where most acquirers stop in their due diligence. We look to define this position not just from a number’s standpoint, but also how does this perspective map out to a larger picture of culture and business environment.
- “The What Should Be” (TWSB). TWSB is the validation point of inflection where we use many data inputs to assess if TWI is out of the norm with competitors, and does that data show the potential for improvement.
- “The What Will Be” (TWWB). TWWB is how we seek to identify the net results or what we call Kinetic Profit (KP) between the TWI and TWSB. The keywords are ***Kinetic Profit***. KP is the profit waiting to be achieved by some form of action or as we call it, the Optimization Phase of acquiring a new company.

Optimization: During the Optimization Phase, we seek to root up employees with in-depth training on various topics. Usually, these training sessions include; Profit and Expense Control, Production Planning, Breakeven Analysis and Profit Engineering to name a few. But the end game is to guide these companies to: become net profitable with the new debt burden placed on them post-acquisition, mitigate the loss of sales due to acquisition attrition (we typically plan on 10% of our customers leaving simply due to old ownership not being involved in the company any longer), potential replacement of employees that no longer wish to be employed post-acquisition and other ancillary issues that may arise. The Optimization Phase usually takes 12-18 months post-acquisition and a company can fall back into Optimization if it is stagnant or regresses in its training.

Asset Producing: Asset Producing is the ideal point where we want our subsidiaries to be. To become Asset Producing, subsidiary management must have completed prescribed training formats, proven they understand the key performance indicators that run their respective departments and finally, the subsidiaries they manage must have posted a net profit for 3 consecutive months.

Results of Operations

The following are the results of our operations for the year ended December 31, 2022, as compared to the year ended December 31, 2021.

	Year Ended December 31, 2022	Year Ended December 31, 2021	\$ Change
Revenues, net	\$ 104,563,002	\$ 51,640,813	\$ 52,922,189
Costs of revenue	82,848,600	43,942,815	38,905,785
Gross Profit	21,714,402	7,697,998	14,016,404
Operating expenses:			
General and administrative expenses	37,531,794	27,987,920	9,543,874
Research and development	876,542	1,464,918	(588,376)
Impairment loss of intangible asset and goodwill	—	367,519	(367,519)
Gain on sale of property	(5,938,150)	—	(5,938,150)
Total operating expenses	32,470,186	29,820,357	2,649,829
Loss from operations	(10,755,784)	(22,122,359)	11,366,575
Other income (expenses)			
Interest expense	(3,124,132)	(3,289,233)	165,101
Gain on extinguishment of debt	—	803,079	(803,079)
Gain on forgiveness of debt	—	3,896,108	(3,896,108)
Impairment loss on equity investment	—	(1,350,000)	1,350,000
Other income	270,609	635,526	(364,917)
Total other income (expenses)	(2,853,523)	695,480	(3,549,003)
Loss before income tax	(13,609,307)	(21,426,879)	7,817,572
Income tax benefit	(733,994)	(1,943,741)	1,209,747
Net loss	<u>\$ (12,875,313)</u>	<u>\$ (19,483,138)</u>	<u>\$ 6,607,825</u>

Revenues

Our revenues for the year ended December 31, 2022, increased by \$52,922,189 as compared to the year ended December 31, 2021. In 2022, the increase in revenue is related to an increase of \$38,638,161 for RCA, \$1,215,772 for Alt Labs, \$6,016,168 for TDI, and \$2,505,905 for QCA. We expect our revenue to continue to grow during 2023 due to the continued maturation of new product lines and new customer contracts, although there can be no guarantee relating to the amount of growth as each segment has lingering events related COVID-19 and the global supply chain.

Costs of revenue

Our cost of revenue for the year ended December 31, 2022, increased by \$38,905,785 as compared to the year ended December 31, 2021. In 2022, the increase in our cost of revenue is related to an increase of \$28,336,699 for RCA, \$2,622,282 for Alt Labs; \$3,570,074 for TDI; and \$2,346,823 for QCA. The increase in cost of revenue among all the different segments was the result of the increase in revenues as described above. Further, we have improved our gross margin percentage as we have implemented operational efficiencies at our newly acquired business. We expect our cost of revenue to increase over the next year as our revenue increases, however, at a lower rate year over year, resulting in continued gross margin improvement.

Operating expenses

Our operating expenses for the year ended December 31, 2022, increased by \$2,649,829 as compared to the year ended December 31, 2021. In 2022, the increase in our operating expenses is related to an increase of \$7,675,515 for RCA (full year of operations, acquired December 2021), a decrease of \$895,571 for Alt Labs; an increase of \$654,020 for TDI; and

[Table of Contents](#)

an increase of \$882,348 for QCA. This was offset by a gain on sale of property of \$5,938,150 largely due to a gain on the sale of the Alt Labs building in Fort Myers, Florida.

Other income (expenses)

Other income (expenses) for the year ended December 31, 2022, decreased by \$3,549,003 as compared to the same period in 2021. This decrease was primarily due to \$4.7 million related to the gain on forgiveness & extinguishment of debt from 2021 that did not repeat.

Liquidity and Capital Resources

We have financed our operations since inception from the sale of common stock, capital contributions from stockholders, and from the issuance of notes payable and convertible notes payable. We expect to continue to finance our operations from our current operating cash flow and by the selling shares of our common stock and or debt instruments. In the first quarter of 2021, we raised approximately \$55.0 million through the sale of our common stock in public and private transactions. On November 26, 2021, a direct offering of common stock was issued raising \$22.0 million in cash. In July 2022, the Company raised \$9.2 million in net cash through the sale of warrants and an additional \$1 million in August 2022 when a portion of these warrants were exercised.

In April and May 2020, the Company received seven loans under the Paycheck Protection Program of the U.S. Coronavirus Aid, Relief and Economic Security ("CARES") Act totaling \$3,896,108. The loans had terms of 24 months and accrued interest at 1% per annum. The Company paid \$88,160 for the loan assumed in connection with the IA acquisition, and the remaining \$356,690 was forgiven. The remaining ten loans were forgiven in whole as provided in the CARES Act during the year ended December 31, 2021. The Company also assumed an Economic Injury Disaster Loan (EIDL) of \$65,000 in connection with the Vayu acquisition, which was still outstanding as of December 31, 2022.

Management expects to have sufficient working capital for continuing operations from either the sale of its products or through the raising of additional capital through private offerings of our securities and improved cash flows from operations including the 2021 acquisitions. The Company also has bank lines of credit totaling \$33.0 million as of December 31, 2022, of which \$18.8 million was secured as of December 31, 2021. Of the \$33.0 million, \$3.8 million was unused as of December 31, 2022. There are two lines of credit that are set to mature during 2023. These two line of credits total \$8.0 million, of which \$7.5 million was used as of December 31, 2022, and are shown as a current liability on the consolidated balance sheet. Additionally, the Company is monitoring additional businesses to acquire which management hopes will provide additional operating revenues to the Company. There can be no guarantee that the planned acquisitions will close or that they will produce the anticipated revenues on the schedule anticipated by management.

The Company also may elect to seek additional bank financing, engage in debt financing through a placement agent, or sell shares of its common stock in public or private offering transactions.

Liquidity Outlook

The Company's financial statements are prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") applicable to a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business within one year after the date the consolidated financial statements are issued.

In accordance with Financial Accounting Standards Board ("FASB"), Accounting Standards Update ("ASU") No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40), our management evaluates whether there are conditions or events, considered in aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued.

As shown in the accompanying consolidated financial statements, the Company has incurred significant recurring losses and negative cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. While the Company experienced a loss for the year ended December 31, 2022, of \$12.9 million, and had a negative cash flow used in operations of \$19.6 million, this was an improvement over the same period last year, for the year ended December 31, 2021, when there was a net loss of \$19.5 million had a negative cash flow used in operations of \$25.4 million.

The Company received a total of approximately \$10.2 million in 2022 in the following two transactions:

- The Company raised approximately \$9.2 million in net proceeds in connection with a registered direct offering of its stock and;

- The Company raised approximately \$1.0 million in net proceeds in connection with certain investors exercising of 1,449,276 warrants.

The Company received a total of approximately \$76.5 million in 2021 in the following two transactions:

- The Company raised approximately \$67.2 million in net proceeds in connection with a registered direct offering of its stock and;
- The Company raised approximately \$9.3 million in net proceeds in connection with an equity line of credit financing arrangement.

As of December 31, 2022, the Company had positive working capital of \$15.6 million. The Company has also secured bank financing totaling \$33.0 million (\$33.0 million in Lines of Credit of which \$0.5 million is a capital expenditures lines of credit availability) of which \$3.8 million was unused at December 31, 2022.

The Company plans to continue to generate additional revenue (and improve cash flows from operations) partly from the acquisitions of six operating companies which closed in 2021, combined with improved gross profit performance from the existing operating companies. The Company also plans to continue to raise funds through debt financing and the sale of shares through its public and private offerings.

Going Concern

The accompanying financial statements have been prepared on a going concern basis. While the working capital deficiency of prior years has improved, and working capital of the Company is currently positive, continued operating losses causes doubt as to the ability of the Company to continue. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's plan of operations, and its ultimate transition to profitable operations are necessary for the Company to continue. The uncertainty that exists with these factors raises substantial doubt about the Company's ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

In order to mitigate the risk related to the going concern uncertainty, the Company has a three-fold plan to resolve these risks. First, the operating subsidiaries of QCA, TDI, IDT and RCA plan to expand their revenues and profits yielding increased cash flow in those operating segments. This plan will allow for an increased level of cash flow to the Company. Second, the Company has expanded its credit facilities at the subsidiary level over the past 12 months to allow for greater borrowing accessibility if needed for the expansion of product lines and sales opportunities and plans to extend or refinance any lines of credit coming due over the next 12 months in order to provide additional financing. Finally, operating companies hard hit by the supply-chain related price increases such as Morris Sheet Metal, Alternative Laboratories, and Excel Construction have begun to experience an easing in the procurement and cost overruns of limited product supply. This subsequently has added to increased cash flow to those entities and less reliance on the Company to fund those activities. Although this plan is in place to mitigate the risk related to the going concern uncertainty, substantial doubt remains due to uncertainty around the growth projections and lack of control of many of the factors included in the Company's plan.

Entity Level Risks

The ultimate impact from COVID-19 on the Company's operations and financial results during 2023 will depend on, among other things, the ultimate severity and scope of the pandemic, the pace at which governmental and private travel restrictions and public concerns about public gatherings will ease, and the speed with which the economy recovers. The Company is not able to fully quantify the impact that these factors will have on the Company's financial results during 2023 and beyond. COVID-19 did have a material negative impact on the Company's financial performance in 2022.

Off-Balance Sheet Arrangements

The Company has not entered into any transactions with unconsolidated entities whereby the Company has financial guarantees, subordinated retained interests, derivative instruments, or other contingent arrangements that expose the Company to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk, or credit risk support to the Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. In many instances, we could have reasonably used different accounting estimates and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. This applies in particular to useful lives and valuation of long-lived assets. Actual results could differ significantly from our estimates. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving our judgments and estimates.

Intangible Assets

The Company uses a third-party specialty valuation firm to value its intangible assets acquired in its business combination and asset acquisitions. The Company amortizes intangible assets with finite lives over their estimated useful lives, which range between one and seventeen years as follows:

Customer list	3-16 years
Non-compete agreements	1-15 years
Software development	5 years
Patent, trademarks, and licenses	3-17 years
Proprietary technology	15 years

The intangible assets with finite useful lives are reviewed for impairment when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the long-lived assets. The Company has not changed its estimate for the useful lives of its intangible assets, but would expect that a decrease in the estimated useful lives of intangible assets by 20% would result in an annual increase to amortization expense of approximately \$620,000, and an increase in the estimated useful lives of intangible assets by 20% would result in an annual decrease to amortization expense of approximately \$620,000.

Goodwill

In financial reporting, goodwill is not amortized, but is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Events that result in an impairment review include significant changes in the business climate, declines in our operating results, or an expectation that the carrying amount may not be recoverable. We assess potential impairment by considering present economic conditions as well as future expectations. All assessments of goodwill impairment are conducted at the individual reporting unit level. As of December 31, 2022 and 2021, the reporting units with goodwill were QCA, Morris, Alt Labs, TDI, Identified Technology, ElecJet, and RCA.

During the 2022 fourth quarter, we conducted our annual goodwill impairment test and no impairment charges were recorded. The estimated fair values of all our reporting units exceeded their carrying amounts. Based on the analysis, the ElecJet reporting unit is considered an at-risk reporting unit. The fair value of this reporting unit exceeded its carrying value of \$12.14 million by 4% based on our most recent impairment test. Our methods and assumptions were consistent with those discussed below in the Fair Value Measurement subsection. This reporting unit is primarily considered at-risk as it is a start-up subsidiary with minimal to no revenue to offset its research & development expenses. The DCF model includes revenue growth assumptions of us executing large new customer and/or supplier agreements within the next two years and then steadily increasing revenue at a more normalized rate thereafter. If we fail to execute these customer and/or supplier arrangements, this would negatively impact the key growth assumptions.

Construction Contracts

For the Company's material construction contracts, estimates are used to determine the total estimated costs for a job and throughout the respective jobs' progress and adjusted accordingly. Revenue is generally recognized over time as our performance creates or enhances an asset that the customer controls as it is created or enhanced. Our fixed price

construction projects generally use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. For certain of our revenue streams, that are performed under time and materials contracts, our progress towards complete satisfaction of such performance obligations is measured using an output method as the customer receives and consumes the benefits of our performance completed to date. Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicates a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

Contract Assets and Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets include unbilled amounts from our construction projects when revenues recognized under the cost-to-cost measure of progress exceed the amounts invoiced to our customers, as the amounts cannot be billed under the terms of our contracts. Such amounts are recoverable from our customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract. In addition, many of our time and materials arrangements, are billed pursuant to contract terms that are standard within the industry, resulting in contract assets being recorded, as revenue is recognized in advance of billings. Our contract assets do not include capitalized costs to obtain and fulfill a contract. Contract assets are generally classified as current within the consolidated balance sheets.

Contract liabilities from our construction contracts arise when amounts invoiced to our customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities additionally include advanced payments from our customers on certain contracts. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

Contract Retentions

As of December 31, 2022 and 2021, accounts receivable included retainage billed under terms of our contracts. These retainage amounts represent amounts which have been contractually invoiced to customers where payments have been partially withheld pending the achievement of certain milestones, satisfaction of other contractual conditions or completion of the project. The Company has recorded a receivable for retainage of \$2.0 million and \$1.6 million as of December 31, 2022 and 2021, respectively.

For a summary of our significant accounting policies, refer to Note 2 of our consolidated financial statements included under “Item 8 – Financial Statements and Supplementary Data” in this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for Smaller Reporting Companies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and footnotes thereto are set forth beginning on page F-1 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

1. Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule

13a-15(e) promulgated under the Exchange Act, as of December 31, 2022. Based on this evaluation, our principal executive officer and principal financial officer concluded that as of the end of the period covered by this Report, our disclosure controls and procedures were ineffective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

We recently restated certain financial statements previously issued in connection with our Annual Report for the year ended December 31, 2021, and our Quarterly Reports for the quarters ended March 31, 2022 and June 30, 2022. As initially described in the December 31, 2021 10-K/A, there remains a material weakness around inadequate segregation of duties from a lack of accounting personnel and inherent system limitations of the current ERP system. Further, Management identified seven material weakness in the areas of business combinations, income taxes, preferred stock, equity, acquired intangible assets, impairment of goodwill and intangibles, and financial reporting. Other deficiencies aggregated to two material weakness in accounting for non routine transactions and accounting for routine transactions. All the material weakness above related to not having appropriate accounting expertise to evaluate and account for transactions in the above areas. These material weaknesses had not been remediated as of December 31, 2022. The Company is committed to remediating its material weakness as promptly as possible.

2. Changes in Internal Control Over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. There have been no changes in our internal control over financial reporting during the fourth quarter of fiscal year 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

3. Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed 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. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles;
- provide reasonable assurance that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control—2013 Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation, our management determined that our internal controls over financial reporting were not effective as of December 31, 2022 due to material weaknesses related to lack of segregation of duties and inadequate controls and monitoring processes over financial reporting. As mentioned above, additional material weaknesses were identified around the lack of appropriate technical accounting expertise to evaluate and account for the areas mentioned above. It was determined these material weaknesses had not been remediated as of December 31, 2022. The Company is committed to remediating its material weaknesses as promptly as possible.

Additional staff has been hired to address the issue of segregation of duties and the controls and monitoring processes. The Company is also in the process of switching ERP systems to provide greater IT controls over financial reporting. Management anticipates making significant progress to remediate these areas of material weakness in 2023 and has engaged a third-party specialty management consultant firm to help facilitate the process. Further, the Company has engaged a tax specialist CPA firm to assist with the preparation of the tax provision and other tax related items. These material weaknesses will not be deemed remediated until the remediation efforts described herein have been in place and tested and deemed designed, implemented and operating effectively. We plan for this to occur later in 2023.

This Annual Report does not include an attestation report by our independent registered public accounting firm, regarding internal control over financial reporting. As a smaller reporting company, our management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report.

4. Inherent Limitations on Effectiveness of Controls

Generally, disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Nevertheless, an internal control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls are considered relative to their costs. As noted above, we have determined that our disclosure controls and procedures and our internal controls over financial reporting were not effective as of December 31, 2022. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

As of the date of this Report, the officers and directors of Alpine 4 were the following:

Name	Age	Board Member/Position	Committee Assigned
Kent B. Wilson	50	Director	None
Charles Winters*****	46	Director	None
Ian Kantrowitz	43	Director	None
Gerry Garcia***	42	Chairwoman	AUD; Comp; NCG
Edmond Lew	44	Director	AUD; Comp; NCG
Christophe Jeunot	51	Director	AUD; Comp
Jonathan Withem	34	Director	AUD; Comp
Andrew Call**	45	Director	AUD*
Jeffrey Hail	61	Chief Operating Officer	N/A
Larry Zic****	61	Chief Financial Officer	N/A
SaVonnah Osmanski	27	VP/Corporate Controller	N/A

AUD = Audit Committee; COMP = Compensation Committee; NCG = Nominating and Corporate Governance Committee. * = Committee Chair.

** Mr. Call was appointed to the Board of Directors on April 6, 2022 and was appointed to the Audit Committee and made chair of the Audit Committee on that date.

*** On April 6, 2022, the Company appointed Gerry Garcia to serve as the non-executive Chairwoman of the Board.

**** On March 21, 2023, Larry Zic submitted his resignation notice, effective March 31, 2023.

***** On April 10, 2023, Charles Winters submitted his letter of resignation.

Biographical Information for Kent B. Wilson

Mr. Wilson serves as the Chief Executive Officer and Secretary for the Company. Previously, he has raised approximately two million dollars via seed capital and private placement funds to start Crystal Technology Holdings, Ltd./NextSure, LLC. This company successfully designed, built, and brought two products to market, including an internet-based insurance rating engine that allowed prospective buyers to rate and buy their auto insurance online via a virtual insurance agent. Since 2002, Mr. Wilson has been actively involved with all facets of corporate financial and operational planning and has held the title of CFO and CEO for several different companies. Mr. Wilson has also consulted for various finance departments of publicly traded companies such as JDA Software and Switch & Data, Inc. to help them identify and develop best SOX and GAAP practices and procedures. In 2011, Mr. Wilson took over as CFO of United Petroleum Company and helped guide them from a small startup with less than \$1 million in revenue to a company with \$20 million in revenue and a growth path for 2013 and 2014. Mr. Wilson holds a BA degree in Management and an MBA from Northcentral University.

Biographical Information for Charles Winters

Mr. Winters is an automotive executive with over 10 years of automotive dealership experience. He is also a principal in several automotive dealerships and repair shops throughout the southwest. Mr. Winters holds a Bachelor's Degree in Economics from Auburn University.

Mr. Winters resigned from the Board of Directors on April 10, 2023.

Biographical Information for Ian Kantrowitz

As Vice President of Investor Relations, Mr. Kantrowitz is accountable for creating and presenting a consistently applied investment message to our shareholders and the investment community on behalf of Alpine 4. Furthermore, he is responsible for monitoring and presenting management with the opinions of the investment community regarding the company's performance.

Prior to joining the Alpine 4 team, Mr. Kantrowitz was a project manager for two major homebuilders in Phoenix, AZ, Continental Homes and Engle Homes. Mr. Kantrowitz has also been actively involved in the automotive industry where his

in-depth knowledge of the auto industry lends a valuable perspective to our in-house product, 6th Sense Auto. Additionally, he was a top performing banker for Wells Fargo Bank, ranked number 5 in the country.

Biographical information for Gerry Garcia

Mrs. Gerry Garcia was appointed to the Board on March 2, 2021. There was no arrangement or understanding between the Company and Mrs. Garcia pursuant to which Mrs. Garcia was selected or appointed as a Director. The Board has asked Mrs. Garcia to serve on the Audit Committee and Compensation Committee of the Board.

Mrs. Garcia is a finance and operations executive with more than 18 years of business experience. For the past eight years, Mrs. Garcia has been a Director of Operations and is responsible for a multimillion-dollar budget. Mrs. Garcia has also spent the last 16 years serving as a member of multiple Boards of Directors for various non-profit 501(c)(3) organizations, helping guide them through the complex corporate landscape that non-profit 501(c)(3)'s need access to. The Alpine 4 Board of Directors feels that her knowledge of financial/strategic planning, reporting, budget analysis, and fiduciary prudence from prior Boards will be paramount to upholding the company's financial accountability, stability, and strength and is excited to see her in the role of Chairwoman.

There are no transactions or proposed transactions between the Company and Mrs. Garcia required to be disclosed as “related party transactions” pursuant to Item 404(a) of Regulation S-K.

Biographical information for Edmond Lew

Mr. Lew was appointed to the Board of Directors on March 2, 2021. There was no arrangement or understanding between the Company and Mr. Lew pursuant to which Mr. Lew was selected or appointed as a Director. The Board has asked Mr. Lew to serve on the Audit Committee and Compensation Committee of the Board.

Mr. Lew started his career in Information Technology (“IT”) as a Systems Engineer, building out hosted applications and delivering them through terminal computing in the early 2000s. This model would evolve and later be adopted as what is now recognized as cloud computing. After working in the support, implementation, and data center sides of the industry, Mr. Lew went out on his own as an IT consultant. Mr. Lew was self-employed for 14 years, lending his expertise to businesses in the construction, hospitality, utilities, education, arts, logistics, law enforcement and technology fields. Additionally, Mr. Lew has given back to the community by volunteering extensively over the past 15 years with various charities and non-profits, focusing on arts and social service organizations. In the interest of becoming a more capable and effective leader, Mr. Lew has completed board governance and diversity training courses and has applied those skills in his volunteer work as well as his professional career. Mr. Lew is an avid cyclist, a talented private chef and a former competitive eater.

There are no transactions or proposed transactions between the Company and Mr. Lew required to be disclosed as “related party transactions” pursuant to Item 404(a) of Regulation S-K.

Biographical information for Christophe Jeunot

Mr. Jeunot was appointed to the Board of Directors on March 2, 2021. There was no arrangement or understanding between the Company and Mr. Jeunot pursuant to which Mr. Jeunot was selected or appointed as a Director. The Board has asked Mr. Jeunot to serve on the Audit Committee and Compensation Committee of the Board.

Mr. Jeunot collaborates with Fortune 500 national and international companies as a Story Board Artist aiding in movie, television and branding campaigns. His clients range from Netflix and Peloton to Goldman Sachs, Exxon Mobile, Samsung and 3M, among others. Mr. Jeunot’s European perspective and creativity allows solutions to be derived through an alternative lens, lending to diverse and dynamic thinking within strategic planning sessions. Mr. Jeunot’s affinity for nature and the environment makes him a conscientious proponent for green technologies.

There are no transactions or proposed transactions between the Company and Mr. Jeunot required to be disclosed as “related party transactions” pursuant to Item 404(a) of Regulation S-K.

Biographical information for Jonathan Withem

Mr. Withem was appointed to the Board of Directors on March 2, 2021. There was no arrangement or understanding between the Company and Mr. Withem pursuant to which Mr. Withem was selected or appointed as a Director. The Board has asked Mr. Withem to serve on the Audit Committee and Compensation Committee of the Board.

Mr. Withem contributed to the development of custom interfaces for eCommerce and onsite sales for entertainment company ETIX. As one of the largest interactive ticketing platforms, ETIX processes over 50 million tickets in 40 countries annually. Mr. Withem has experience working with a variety of teams to create, test and release new products, in addition to client training. Mr. Withem's expertise in project management and budgetary compliance ensures adherence to strict time frames in the achievement of established goals. Mr. Withem is an avid music lover, teaching music curriculum privately and for a California liberal arts university remotely.

There are no transactions or proposed transactions between the Company and Mr. Withem required to be disclosed as "related party transactions" pursuant to Item 404(a) of Regulation S-K.

Biographical Information for Andrew Call

Andrew Call is the Director of the School of Accountancy at the W. P. Carey School of Business at Arizona State University, and is the Professional Advisory Board Professor of Accounting. Joining the school in 2013, Mr. Call rose through the ranks to eventually lead the School of Accounting in its research, curriculum, and outreach efforts. Professor Call researches various financial reporting topics, including the role of equity analysts in the capital markets, managers' voluntary disclosures of accounting information, and the role of whistleblowers in the discovery of financial misconduct. In the classroom, Professor Call has taught at both the undergraduate and graduate levels. Andy has specialist background in Security Analysis, Management Guidance, and Whistleblowing. He has also contributed to or been published in 17 different publications including The Accounting Review, Journal of Accounting Research, and the Journal of Accounting and Economics.

Mr. Call serves as the Financial Expert on the Audit Committee, and has been appointed as the Chair of the Audit Committee.

Our bylaws authorize no fewer than one director. As of the date of this Report, we had seven directors.

Biographical Information for Jeff Hail

Jeff Hail is the Chief Operating Officer (COO) of Alpine 4 Holdings, Inc. Raised and educated in Scottsdale, AZ; Mr. Hail earned his Bachelors of Science degree in Operations and Production Management from the W.P. Carey School of Business at Arizona State University. Mr. Hail's professional experience has been both in the government and private sector. As a Buyer/Contract Officer with the Arizona Department of Transportation writing, awarding and administering highway services contracts.

In the private sector, Mr. Hail experienced success by starting a number of different companies and building them to be the leaders in their niche sectors from both electronics manufacturing to e-commerce. As a result, he brings a broad-based experience level with the operational aspects of running a business in today's realm.

Biographical Information for Larry Zic

Mr. Zic has been with the Company since April 2020, originally serving as Corporate Controller. Later, Mr. Zic was appointed as the Company's Chief Accounting Officer, and on October 1, 2021, was appointed as the Company's Chief Financial Officer. Mr. Zic is a Certified Public Accountant (inactive license) and holds two Bachelors of Science Degrees, one in Accounting and one in Computer Information Systems from Calumet College of St. Joseph (Indiana). He also holds an MBA from Indiana University NW. Prior to joining the Company, from November 2016 to April 2020, Mr. Zic served as Chief Financial Officer for Aaron Clark Industries, dba Desert Foothills Landscape.

As noted above, Mr. Zic submitted his resignation notice on March 21, 2023, effective as of March 31, 2023.

Biographical Information for SaVonnah Osmanski

Miss. Osmanski is the Vice President, Corporate Controller of Alpine 4 Holdings, Inc. She has been with the Company since March 2021. Miss Osmanski is a Certified Public Accountant and holds two Bachelors of Science Degrees, one in

Accounting and one in Finance from Northern Arizona University. She also holds a Masters in Accounting from the W.P Carey School of Business at Arizona State University. Prior to joining the Company Miss. Osmanski was an external auditor.

Term of office. Our directors are appointed for a one-year term to hold office until the next annual meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our Board and hold office until removed by the Board.

Family relationships. There are no family relationships between or among the directors, executive officers or persons nominated or chosen by us to become directors or executive officers.

Director or officer involvement in certain legal proceedings. To the best of our knowledge, except as described below, during the past five years, none of the following occurred with respect to a present or former director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Board Meeting and Attendance

During fiscal year 2022, our Board held six (6) meetings in person or by telephone. Members of our Board were provided with information between Board meetings regarding the Company's operations and were consulted on an informal basis with respect to pending business. Each director attended all of the Board meetings and the meetings held by all committees of our Board on which such director served during the year.

Director Independence

Independent Directors

As of the date of this Report, Alpine 4 was required by The Nasdaq Stock Market to have a majority of independent directors.

Accordingly, as of the date of this Report, the Board had concluded that five of the members of the Board of Directors would qualify as independent directors. The Board of Directors has determined that Ms. Garcia, and Messrs. Call, Lew, Jeunot, and Withem would be independent directors of the Company under the listing standards adopted by The Nasdaq Stock Market. In making these independence determinations, the Board of Directors considered all of the factors that automatically compromise director independence as specified in The Nasdaq Stock Market's listing standards and determined that none of those conditions existed. In addition, the Board of Directors considered whether any direct or indirect material relationship, beyond those factors that automatically compromise director independence, existed between those directors, their immediate family members, or their affiliated entities, on the one hand, and us and our subsidiaries, on the other hand. The Board of Directors determined, for those directors identified as independent above, that any relationship that existed was not material and did not compromise that director's independence. We anticipate that our independent directors will meet in an executive session at least once per year. All standing committee members are independent for the purpose of the committees on which they serve.

Board Leadership Structure

We have chosen to split the roles of Chairman of the Board and Chief Executive Officer. Mr. Wilson serves as Chief Executive Officer while Mr. Winters previously served as the non-executive Chairman of the Board. On April 6, 2022, the Company announced that the Board of Directors had decided to have a rotating Chair of the Board position, and appointed Gerry Garcia to serve as the non-executive Chairwoman of the Board. Ms. Garcia was serving as the Chairwoman of the Board as of the date of this Report. The Board believes that this structure is appropriate for the Company and provides the appropriate level of independent oversight necessary to ensure that the Board meets its fiduciary obligations to our stockholders, that the interests of management and our stockholders are properly aligned, and that we establish and follow sound business practices and strategies that are in the best interests of our stockholders.

[Table of Contents](#)

The Board of Directors does not believe that one particular leadership structure is appropriate at all times and will continue to evaluate the Board's leadership structure from time to time.

Board's Role in Risk Management

One of the Board of Directors' key functions is informed oversight of the Company's risk management process. The Board of Directors does not have a standing risk management committee, but rather administers this oversight function directly through the Board of Directors as a whole, as well as through various standing committees of the Board of Directors that address risks inherent in their respective areas of oversight.

In particular, the Board of Directors is responsible for monitoring and assessing strategic and operational risk exposure, which may include financial, legal and regulatory, human capital, information technology and security and reputation risks.

- The Audit Committee has the responsibility to consider and discuss major financial risk exposures and the steps management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken.
- The Nominating and Corporate Governance Committee monitors the effectiveness of the Company's corporate governance policies and the selection of prospective members of the Board of Directors and their qualifications, as well as environmental, social and governance ("ESG")-related risks.
- The Compensation Committee, in conjunction with the Audit Committee, assesses and monitors whether any of the Company's compensation policies and programs have the potential to encourage excessive risk-taking. In addition, the Compensation Committee reviews and monitors matters related to human capital management, including diversity and inclusion initiatives and management of human capital risks.

Like all businesses, we also face threats to our cybersecurity, as we are reliant upon information systems and the Internet to conduct our business activities. In light of the pervasive and increasing threat from cyberattacks, the Board believes oversight of this risk is appropriately allocated to the Board, although the Board may decide to delegate this responsibility to one of the Committees of the Board. The Board, with input from management, assesses the Company's cybersecurity risks and the measures implemented by the Company to mitigate and prevent cyberattacks and respond to data breaches. In addition, management and the Board of Directors have recently focused on risks relating to, and the impact on the Company from, the COVID-19 pandemic, and will continue to do so while the situation remains in flux.

Typically, the entire Board of Directors meets with management and the applicable committees of the Board of Directors at least annually to evaluate and monitor respective areas of oversight. Both the Board of Directors as a whole and the various standing committees receive periodic reports from individuals responsible for risk management, as well as incidental reports as matters may arise. It is the responsibility of the committee chairs to report findings regarding material risk exposures to the Board of Directors as quickly as possible. The Board of Directors' role in risk oversight does not affect its leadership structure.

Committees of the Board

The Board of Directors has an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. The current charters for each of the committees are available on our website www.alpine4.com under the "Investors" tab and then the "Governance" tab. The members of the committees, as of the Record Date, are identified in the following table:

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Kent B. Wilson			
Charles Winters (5)			
Ian Kantrowitz			
Gerry Garcia(1)(2)(3)	X	X	X
Edmond Lew(2)(3)	X	X	X
Christophe Jeunot(2)	X	X	
Jonathan Withem(2)	X	X	
Andrew Call(4)	X		

- (1) Chairwoman of the Board of Directors.
- (2) Ms. Garcia, and Messrs. Lew, Jeunot, and Withem were appointed as members of the Audit Committee and the Compensation Committee in March 2021.
- (3) Ms. Garcia and Mr. Lew were appointed as members of the Nominating and Corporate Governance Committee on September 18, 2021.
- (4) Mr. Call was appointed to the Board on April 6, 2022, and was appointed to the Audit Committee and made chair of the Audit Committee on that date.
- (5) Mr. Winters resigned from the Board on April 10, 2023.

Audit Committee

As of December 31, 2022, the Audit Committee of the Board of Directors consisted of Mrs. Garcia and Messrs. Call (Chair), Lew, Jeunot, and Withem, who are independent for purposes of serving on the committee under the SEC's rules and The Nasdaq Stock Market's listing requirements. (As noted above, Mr. Loyd resigned from the Board on March 16, 2022, and Andrew Call was appointed as a member and Chair of the Audit Committee on April 6, 2022.) The Audit Committee acts under a written charter adopted by the Board of Directors. All Audit Committee members are financially literate. As of the date of this Report, following the resignation of Mr. Loyd from the Board and the Audit Committee, the Board of Directors has determined that Mr. Call qualifies as an "audit committee financial expert" as defined by Item 407(d)(5)(ii) of Regulation S-K under the Exchange Act. The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of the quality and integrity of the accounting, internal controls, and reporting practices of the Company, and performs such other duties as are directed by the Board of Directors. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to stockholders, and on the Company's processes to manage business and financial risk, and for compliance with significant applicable legal, ethical and regulatory requirements. The Audit Committee's responsibilities include, among other things, reviewing policies and procedures regarding transactions, and reviewing and overseeing the transactions, between the Company and officers, directors and other related parties that are not a normal part of the Company's business. Annually and on a quarterly basis, the Audit Committee reviews and discusses matters separately with management of the Company and with the Company's independent registered public accounting firm.

The Audit Committee also conducts periodic oversight of the Company's risk management, including regularly reviewing the Company's cybersecurity and other information technology risks, controls and procedures and the Company's plans to mitigate cybersecurity risks and to respond to data breaches.

The Audit Committee is directly responsible for the appointment of the independent registered public accounting firm engaged to prepare and issue an audit report on the financial statements of the Company and periodically reviews and evaluates such firm's performance and independence from management. All audit and permitted non-audit services are pre-approved by the Audit Committee. The Audit Committee was formed in 2021. Prior to the formation of the Audit Committee, the Board as a whole performed the functions of the Audit Committee.

Compensation Committee

The Compensation Committee of the Board of Directors consists of Mrs. Garcia and Messrs. Lew (Chair), Jeunot, and Withem. All members of the Compensation Committee are independent for purposes of serving on the committee under The Nasdaq Stock Market's listing requirements and applicable SEC and tax regulations. The Compensation Committee acts under a written charter adopted by the Board of Directors. The Compensation Committee is responsible for establishing policies with respect to the compensation of the Company's officers and has overall responsibilities for approving and evaluating officer compensation plans, policies and programs of the Company. The Compensation Committee's functions include, but are not limited to:

- To review and approve annually the corporate goals and objectives applicable to the compensation of the chief executive officer ("CEO"), evaluate at least annually the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation.
- To review and approve the compensation of all other executive officers.
- To review, and make recommendations to the Board regarding, incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend and terminate such plans.
- To review, and make recommendations to the Board regarding, any employment agreements and any severance arrangements or plans, including any benefits to be provided in connection with a change in control, for the CEO

and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.

- To review all director compensation and benefits for service on the Board and Board committees at least once a year and to recommend any changes to the Board as necessary.

The Compensation Committee has the sole authority to retain and to terminate any compensation consultant, legal counsel or financial or other advisor to be used to assist in the performance of its duties and responsibilities, without consulting or obtaining the approval of senior management of the Company in advance, and has the sole authority to approve the compensation advisor's fees and other retention terms. The Compensation Committee is responsible for annually reviewing an assessment of any potential conflict of interest raised by the work of a compensation consultant (and other compensation advisor, as required) that is involved in determining or recommending executive and/or director compensation.

The Compensation Committee may delegate its authority to a subcommittee of its members. The Compensation Committee was formed in 2021. Prior to the formation of the Compensation Committee, the Board as a whole performed the functions of the Compensation Committee.

Nominating and Corporate Governance Committee

The members of the Nominating and Corporate Governance Committee are Ms. Garcia and Mr. Lew. All of the members of the Nominating and Corporate Governance Committee are independent for purposes of serving on the committee under The Nasdaq Stock Market's listing requirements. The Nominating and Corporate Governance Committee acts under a written charter adopted by the Board of Directors. The functions of the Nominating and Corporate Governance Committee include, among other items, overseeing all aspects of the Company's corporate governance functions, including compliance with significant legal, ethical and regulatory requirements. The Nominating and Corporate Governance Committee's functions include, but are not limited to the following functions:

- To determine the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "Director Criteria").
- To consider any director candidates recommended by the Company's stockholders pursuant to the procedures described in the Company's proxy statement. The Committee shall also consider any nominations of director candidates validly made by stockholders in accordance with applicable laws, rules and regulations and the provisions of the Company's charter documents.
- To make recommendations to the Board regarding the selection and approval of the nominees for director to be submitted to a stockholder vote at the annual meeting of stockholders.
- To develop and recommend to the Board a set of corporate governance guidelines applicable to the Company, to review these principles at least once a year and to recommend any changes to the Board.
- To oversee the Company's corporate governance practices and procedures, including identifying best practices and reviewing and recommending to the Board for approval any changes to the documents, policies and procedures in the Company's corporate governance framework, including its certificate of incorporation and bylaws.
- To review the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairmen annually.
- If a vacancy on the Board and/or any Board committee occurs, to identify and make recommendations to the Board regarding the selection and approval of candidates to fill such vacancy either by election by stockholders or appointment by the Board.
- To develop and oversee a Company orientation program for new directors and a continuing education program for current directors, periodically review these programs and update them as necessary.
- To review all director compensation and benefits for service on the Board and Board committees at least once a year and to recommend any changes to the Board as necessary.
- To develop and recommend to the Board for approval standards for determining whether a director has a relationship with the Company that would impair its independence.

- To review and discuss with management disclosure of the Company's corporate governance practices, including information regarding the operations of the Committee and other Board committees, director independence and the director nominations process, and to recommend that this disclosure be included in the Company's proxy statement or annual report on Form 10-K, as applicable.
- To monitor compliance with the Company's Code of Business Conduct (the "Code"), to investigate any alleged breach or violation of the Code, to enforce the provisions of the Code and to review the Code periodically and recommend any changes to the Board.
- To review any director resignation letter tendered in accordance with the Company's director resignation policy, and evaluate and recommend to the Board whether such resignation should be accepted.

The Nominating and Corporate Governance Committee also reports to, and assists, the Board of Directors in identifying individuals for membership on the Board of Directors and recommends to the Board of Directors the director nominees for the Company's Annual Meeting of Stockholders. The Nominating and Corporate Governance Committee was formed in 2021. Prior to the formation of the Nominating and Corporate Governance Committee, the Board as a whole performed the functions of the Nominating and Corporate Governance Committee.

Director Nomination Process—The Nominating and Corporate Governance Committee believes that the Company is well-served by its current directors. In the ordinary course, absent special circumstances or a material change in the criteria for membership on the Board of Directors, the Nominating and Corporate Governance Committee will re-nominate incumbent directors who continue to be qualified for service on the Board of Directors and are willing to continue as directors. If an incumbent director is not standing for re-election or if a vacancy occurs between annual stockholder meetings, the Nominating and Corporate Governance Committee will seek out potential candidates for appointment to the Board of Directors who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. Director candidates will be selected based upon input from the members of the Board of Directors, senior management of the Company and, if the Nominating and Corporate Governance Committee deems appropriate, a third-party search firm.

Candidates will be chosen for their ability to represent all of the stockholders, and for their character, judgment, fairness and overall ability. As a group, they are expected to set the appropriate policy for the Company, and to bring to the Board of Directors broad experience in business matters and an insight and awareness of the appropriate and ever-changing role that corporations should have in society. Because the advice of those facing similar issues is of particular value, executive officers of other corporations are desirable candidates. Alpine 4 does not have a set policy or process for considering "diversity", however that term may be defined, in identifying nominees. However, the Nominating and Corporate Governance Committee strives to identify and recruit individuals whose diverse talents, experiences and backgrounds enhance the inclusive environment in which the Board of Directors currently functions. The Nominating and Corporate Governance Committee relies upon its judgment of the foregoing general criteria and the following personal criteria in selecting candidates for nomination to the Board of Directors:

- Independence and absence of conflicts of interest;
- Honesty, integrity and accountability;
- Substantial business experience with a practical application to the Company's needs;
- Willingness to ask tough questions in a constructive manner that adds to the decision-making process of the Board of Directors;
- Demonstrated ability to think strategically and make decisions with a forward-looking focus;
- Ability to assimilate relevant information on a broad range of topics;
- Willingness to express independent thought;
- Team player;
- Willingness to make a strong commitment of time and attention to the Board of Directors' processes and affairs; and
- Ability to commit to Company stock ownership.

The Nominating and Corporate Governance Committee will also consider proposals for nominees for director from stockholders which are made in writing to the Corporate Secretary of the Company and comply with the requirements set forth in the Bylaws. The recommendation must contain sufficient background information concerning the nominee to enable a proper judgment to be made as to his or her qualifications. Recommendations must also include a written statement from the candidate expressing a willingness to serve.

The Nominating and Corporate Governance Committee seeks to identify director nominees through a combination of referrals, including referrals provided by management, existing members of the Board and our stockholders, and direct solicitations, where warranted. Referrals of director nominees should be sent to the Board of Directors, c/o Chief Executive Officer, Alpine 4 Holdings, Inc., 2525 E Arizona Biltmore Circle, Suite 237, Phoenix, AZ 85016. All referrals will be compiled by the Chief Executive Officer and forwarded to the Board for their review and consideration. At a minimum, a recommendation should include the individual's name, current and past business experience, professional affiliations, age, stock ownership in the Company, particular business qualifications, and such other information as the stockholder deems relevant to assist the Board in considering the individual's potential service as a director.

Delinquent Section 16(a) Reports. Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities. Officers, directors and greater than ten percent beneficial shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. To the best of our knowledge based solely on a review of Forms 3, 4, and 5 (and any amendments thereof) received by us during or with respect to the year ended December 31, 2022, the following persons failed to file, on a timely basis, the identified reports required by Section 16(a) of the Exchange Act during fiscal year ended December 31, 2022:

Name and Principal Position	Number of Late Reports	Transactions not Reported in Timely Manner	Known Failures to File a Required Form
Kent Wilson, CEO, Director	1	4	None
Charles Winters, Director	0	1	1
Ian Kantrowitz, Director	1	3	None
Gerry Garcia, Director	0	0	1
Edmond Lew, Director	0	0	1
Christophe Jeunot, Director	0	0	1
Jonathan Withem, Director	0	0	1
Andrew Call, Director	0	0	1

ITEM 11. EXECUTIVE COMPENSATION.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Nonequity Incentive Plan Compensation	Deferred Compensation Earnings	All Other Compensation	Total
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Kent B. Wilson, Chief Executive Officer	2022	677,082	65,510	0	0	0	0	0	742,592
	2021	424,485	784,297	164,885	0	0	0	0	1,373,667
Jeff Hail, Chief Operating Officer	2022	510,212	55,382	0	0	0	0	0	565,594
	2021	361,381	288,172	34,076	0	0	0	0	683,629
Larry Zic, Chief Financial Officer	2022	405,671	10,000	116,550	0	0	0	0	532,221
	2021	235,492	18,350	0	0	0	0	0	253,842
SaVonnah Osmanski, VP Corporate Controller	2022	182,307	21,000	77,700	0	0	0	0	281,007
	2021	88,485	500	0	0	0	0	0	88,985
Ian Kantrowitz, VP Investor Relations	2022	229,179	15,000	0	0	0	0	0	244,179
	2021	165,745	293,869	27,480	0	0	0	0	487,094

Outstanding Equity Awards

None.

Director Compensation

The following table sets forth the amounts paid to the Company's directors for their service as directors of the Company during the year ended December 31, 2022. Please note: the compensation of Mr. Wilson and Mr. Kantrowitz, who are also executive officers of the Company, are set forth above. The all other compensation in the table below for Mr. Winters is salary earned while he was employed by the Company.

<u>Name</u>	<u>Fees earned or paid in cash</u>	<u>Stock awards</u>	<u>Option awards</u>	<u>All other compensation</u>	<u>Total</u>
	(\$)	(\$)	(\$)	(\$)	(\$)
Ian Kantrowitz	\$ 73,385	\$ 0	\$ 0	\$ 0	\$ 73,385
Kent Wilson	\$ 73,385	\$ 0	\$ 0	\$ 0	\$ 73,385
Christopher Jeunot	\$ 28,519	\$ 0	\$ 0	\$ 0	\$ 28,519
Gerry Garcia	\$ 30,154	\$ 0	\$ 0	\$ 0	\$ 30,154
Andrew Call	\$ 22,954	\$ 0	\$ 0	\$ 0	\$ 22,954
Edmond Lew	\$ 31,788	\$ 0	\$ 0	\$ 0	\$ 31,788
Jonathan Withem	\$ 28,231	\$ 0	\$ 0	\$ 0	\$ 28,231
Charles Winters	\$ 73,385	\$ 0	\$ 0	\$ 50,640	\$ 124,025

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The following table sets forth certain information regarding beneficial ownership of Alpine 4 Class A, Class B, and Class C common stock and Series B Preferred Stock as of February 21, 2023, (i) by each person (or group of affiliated persons) who owns beneficially more than five percent of the outstanding shares of common stock, (ii) by each director and executive officer of Alpine 4, and (iii) by all of the directors and executive officers of Alpine 4 as a group. The percentages are based on the following figures:

[Table of Contents](#)

- 178,737,349 shares of Class A common stock;
- 8,548,088 shares of Class B common stock;
- 12,256,816 shares of Class C common stock; and
- 4 shares of Series B Preferred stock.

Except as otherwise noted, the persons named in the table have sole voting and dispositive power with respect to all shares beneficially owned, subject to community property laws where applicable.

Name and Address of beneficial owner (1); Class of Securities	Title/Class of Security	Number of Shares	Beneficial Ownership of Shares Listed	Votes	Total Voting Power (2)
Kent B. Wilson Chief Executive Officer, Director	CLASS A	1,523,321	0.85 %	1,523,321	
	CLASS B	2,935,488	34.34 %	29,354,880	
	CLASS C	990,169	8.08 %	4,950,845	
	B Preferred	2	50.00 %	325,502,309	
Total Votes				361,331,355	37.00 %
Charles Winters, Director	CLASS A	723,322	0.40 %	723,322	
	CLASS B	1,300,000	15.21 %	13,000,000	
	CLASS C	675,000	5.51 %	3,375,000	
	B Preferred	1	25.00 %	162,751,155	
Total Votes				179,849,477	18.42 %
Ian Kantrowitz Director	CLASS A	833,414	0.47 %	833,414	
	CLASS B	1,499,429	17.54 %	14,994,290	
	CLASS C	1,009,738	8.24 %	5,048,690	
	B Preferred	1	25.00 %	162,751,155	
Total Votes				183,627,549	18.80 %
Jeff Hail Chief Operating Officer	CLASS A	446,522	0.25 %	446,522	
	CLASS B	1,124,211	13.15 %	11,242,110	
	CLASS C	788,000	6.43 %	3,940,000	
	B Preferred	0	0.00 %	—	
Total Votes				15,628,632	1.60 %
Gerry Garcia Director	CLASS A	10,000	0.01 %	10,000	
	CLASS B	0	0.00 %	0	
	CLASS C	1,000	0.01 %	5,000	
	B Preferred	0	0.00 %	0	
Total Votes				15,000	*0%
Edmond Lew Director	CLASS A	190,897	0.11 %	190,897	
	CLASS B	0	0.00 %	0	
	CLASS C	8,167	0.07 %	40,835	
	B Preferred	0	0.00 %	0	
Total Votes				231,732	*0%

Table of Contents

Christophe Jeunot Director	CLASS A	178,621	0.10 %	178,621	
	CLASS B	0	0.00 %	0	
	CLASS C	27,224	0.22 %	136,120	
	B Preferred	0	0.00 %	0	
Total Votes				314,741	*%
Jonathan Withem Director	CLASS A	0	0.00 %	0	
	CLASS B	0	0.00 %	0	
	CLASS C	0	0.00 %	0	
	B Preferred	0	0.00 %	0	
Total Votes				0	0 %
Andrew Call Director	CLASS A	0	0.00 %	0	
	CLASS B	0	0.00 %	0	
	CLASS C	0	0.00 %	0	
	B Preferred	0	0.00 %	0	
Total Votes				0	0 %
As a Group 9 PEOPLE	CLASS A	3,906,097	2.19 %	3,906,097	
	CLASS B	6,859,128	80.24 %	68,591,280	
	CLASS C	3,499,298	28.55 %	17,496,490	
	B Preferred	4	100.00 %	651,004,619	
Total Votes				740,998,486	75.88 %

* Less than 1%

1. Except as otherwise indicated, the address of the stockholder is: Alpine 4 Holdings, Inc., 2525 E Arizona Biltmore Cir, Suite 237, Phoenix AZ 85016.
2. The Voting Power column includes the effect of shares of Class B Common Stock, Class C Common Stock, and Series B Preferred Stock held by the named individuals, as indicated in the footnotes below. Each share of Class B common stock has 10 votes. Each share of Class C Common Stock has 5 votes. Collectively, all of the shares of Series B Preferred have voting power equal to 200% of the total voting power of all other Classes or series of outstanding shares. Each Series B Preferred share has a fractional portion of that aggregate vote.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Party Transactions

During the year ended December 31, 2021, the Company paid \$238,651 on note payables due to related parties. As of December 31, 2022 and 2021, there were no outstanding related party note payables.

Director Independence

Nasdaq listing standards require that a majority of our board of directors be independent. An “independent director” is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company’s board of directors, would interfere with the director’s exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Ms. Garcia and Messrs. Lew, Jeunot, Withem and Call qualify as “independent directors” as defined in the Nasdaq listing

standards and applicable SEC rules. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

MaloneBailey, LLP (“MaloneBailey”)

Set below are aggregate fees billed by MaloneBailey for professional services rendered for the year ended December 31, 2022.

Audit Fees

The fees for the audit and review services billed by MaloneBailey for the period from January 1, 2022, to December 31, 2022, were \$353,000.

Audit Related Fees

The fees for the audit related services billed by MaloneBailey for the period from January 1, 2022, to December 31, 2022, were \$27,600.

Tax Fees

The fees for the tax related services billed by MaloneBailey for the period from January 1, 2022, to December 31, 2022, were \$0.

RSM US LLP (“RSM”)

Set below are aggregate fees billed by RSM for professional services rendered for the year ended December 31, 2022.

Audit Fees

The fees for the audit and review services billed by RSM for the period from January 1, 2022, to December 31, 2022, were \$375,000.

Tax Fees

The fees for the tax related services billed by RSM for the period from January 1, 2022, to December 31, 2022, were \$81,000.

MaloneBailey, LLP (“MaloneBailey”)

Set below are aggregate fees billed by MaloneBailey for professional services rendered for the year ended December 31, 2021.

Audit Fees

The fees for the audit and review services billed by MaloneBailey for the period from January 1, 2021, to December 31, 2021 were \$860,000.

Audit Related Fees

The fees for the audit related services billed by MaloneBailey for the period from January 1, 2021, to December 31, 2021 were \$50,000.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

15(a)(1). Financial Statements.

The following consolidated financial statements, and related notes and Reports of Independent Registered Public Accounting Firms are filed as part of this Annual Report:

ITEM 16. FORM 10-K SUMMARY

None.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Financial Statements

Contents

	<u>Page</u>
Financial Statements	
Report of Independent Registered Public Accounting Firm (PCAOB ID: 49)	F-2
Report of Independent Registered Public Accounting Firm (PCAOB ID: 206)	F-4
Consolidated Balance Sheets as of December 31, 2022, and 2021	F-5
Consolidated Statements of Operations for the Years Ended December 31, 2022, and 2021	F-6
Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the Years Ended December 31, 2022, and 2021	F-7
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, and 2021	F-9
Notes to Consolidated Financial Statements	F-11

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Alpine 4 Holdings, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Alpine 4 Holdings, Inc. and subsidiaries (the Company) as of December 31, 2022, the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows, for the year then ended, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1A to the financial statements, the Company has suffered recurring losses from operations and recurring negative cash flows from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 1A. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

[Table of Contents](#)

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2022.

Phoenix, Arizona

May 5, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Alpine 4 Holdings, Inc and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Alpine 4 Holdings, Inc. and its subsidiaries (collectively, the “Company”) as of December 31, 2021, and the related consolidated statement of operations, changes in stockholders’ equity, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ *MaloneBailey, LLP*

www.malonebailey.com

We have served as the Company's auditor from 2015 to 2022.

Houston, Texas

April 13, 2022, except for the restatement discussed in Note 1 as to which the date is March 16, 2023.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 2,673,541	\$ 3,715,666
Accounts receivable, net	17,139,944	11,875,176
Contract assets	1,402,788	877,904
Inventory	25,258,369	24,419,654
Prepaid expenses and other current assets	2,428,223	1,955,907
Total current assets	48,902,865	42,844,307
Property and equipment, net	19,503,485	28,101,471
Intangible assets, net	36,282,609	39,180,664
Right of use assets	16,407,566	1,460,206
Goodwill	22,680,084	22,680,084
Other non-current assets	1,855,605	357,118
TOTAL ASSETS	\$ 145,632,214	\$ 134,623,850
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 8,608,554	\$ 7,744,957
Accrued expenses	6,749,890	5,074,006
Contract liabilities	5,284,285	6,359,449
Notes payable, current portion	3,201,136	5,690,524
Line of credit, current portion	7,426,814	4,473,489
Financing lease obligation, current portion	725,302	649,343
Operating lease obligation, current portion	1,318,885	428,596
Total current liabilities	33,314,866	30,420,364
Notes payable, net of current portion	4,266,350	8,426,105
Line of credit, net of current portion	7,215,520	5,640,051
Financing lease obligations, net of current portion	14,592,813	15,319,467
Operating lease obligations, net of current portion	15,262,494	1,066,562
Series C and Series D preferred stock subject to redemption	—	400,092
Deferred tax liability	988,150	1,861,165
TOTAL LIABILITIES	75,640,193	63,133,806
Commitment and contingencies (Note 11)		
STOCKHOLDERS' EQUITY (DEFICIT):		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized	—	—
Series B preferred stock; \$1.00 stated value; 100 shares authorized, 5 and 5 shares issued and outstanding at December 31, 2022 and 2021	5	5
Class A Common stock, \$0.0001 par value, 295,000,000 shares authorized, 178,425,932 and 161,798,817 shares issued and outstanding at December 31, 2022 and 2021	17,844	16,182
Class B Common stock, \$0.0001 par value, 10,000,000 shares authorized, 8,548,088 and 8,548,088 shares issued and outstanding at December 31, 2022 and 2021	854	854
Class C Common stock, \$0.0001 par value, 15,000,000 shares authorized, 12,238,232 and 12,500,200 shares issued and outstanding at December 31, 2022 and 2021	1,224	1,250
Additional paid-in capital	141,723,921	130,348,267
Accumulated deficit	(71,751,827)	(58,876,514)
Total stockholders' equity (deficit)	69,992,021	71,490,044
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 145,632,214	\$ 134,623,850

The accompanying notes are an integral part of these consolidated financial statements.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,	
	2022	2021
Revenues, net	\$ 104,563,002	\$ 51,640,813
Cost of revenues	82,848,600	43,942,815
Gross Profit	21,714,402	7,697,998
Operating expenses:		
General and administrative expenses	37,531,794	27,987,920
Research and development	876,542	1,464,918
Impairment loss of intangible asset and goodwill	—	367,519
Gain on sale of property	(5,938,150)	—
Total operating expenses	32,470,186	29,820,357
Loss from operations	(10,755,784)	(22,122,359)
Other income (expenses)		
Interest expense	(3,124,132)	(3,289,233)
Gain on extinguishment of debt	—	803,079
Gain on forgiveness of debt	—	3,896,108
Impairment loss on equity investment	—	(1,350,000)
Other income	270,609	635,526
Total other income (expenses)	(2,853,523)	695,480
Loss before income tax	(13,609,307)	(21,426,879)
Income tax (benefit)	(733,994)	(1,943,741)
Net loss	\$ (12,875,313)	\$ (19,483,138)
Weighted average shares outstanding:		
Basic	190,779,052	164,216,808
Diluted	190,779,052	164,216,808
Basic loss per share	\$ (0.07)	\$ (0.12)
Diluted loss per share	\$ (0.07)	\$ (0.12)

The accompanying notes are an integral part of these consolidated financial statements.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock		Class A Common Stock		Class B Common Stock		Class C Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2020	5	\$ 5	—	\$ —	—	\$ —	126,363,158	\$12,636	9,023,088	\$ 902	14,162,267	\$ 1,417	\$25,144,136	\$(39,393,376)	\$(14,234,280)
Issuance of shares of common stock for cash	—	—	—	—	—	—	18,428,827	1,844	—	—	—	—	76,491,149	—	76,492,993
Issuance of shares of common stock for convertible note payable and accrued interest	—	—	—	—	—	—	7,384,018	740	—	—	—	—	1,886,156	—	1,886,896
Conversion of Class C to Class A	—	—	—	—	—	—	1,617,067	162	—	—	(1,617,067)	(162)	—	—	—
Conversion of Class B to Class A	—	—	—	—	—	—	475,000	48	(475,000)	(48)	—	—	—	—	—
Repurchase of class C common stock	—	—	—	—	—	—	—	—	—	—	(45,000)	(5)	(185,845)	—	(185,850)
Issuance of shares of common stock for compensation	—	—	—	—	—	—	199,018	21	—	—	—	—	261,504	—	261,525
Issuance of shares of common stock and warrants for acquisition	—	—	—	—	—	—	4,922,471	492	—	—	—	—	15,066,719	—	15,067,211
Conversion of series D preferred stock to Class A	—	—	—	—	—	—	1,066,868	105	—	—	—	—	5,194,329	—	5,194,434
Conversion of series C preferred stock to Class A	—	—	—	—	—	—	1,342,390	134	—	—	—	—	6,361,153	—	6,361,287
Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	36,538	—	36,538
Beneficial conversion feature on convertible notes	—	—	—	—	—	—	—	—	—	—	—	—	92,428	—	92,428
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(19,483,138)	(19,483,138)
Balance, December 31, 2021	5	5	—	—	—	—	161,798,817	16,182	8,548,088	854	12,500,200	1,250	130,348,267	(58,876,514)	71,490,044
Issuance of shares of common stock for compensation	—	—	—	—	—	—	211,236	22	—	—	—	—	231,555	—	231,577
Exchange of shares of common stock for compensation	—	—	—	—	—	—	37,500	4	—	—	(37,500)	(4)	—	—	—
Conversion of Series D preferred stock to Class A	—	—	—	—	—	—	63,907	7	—	—	—	—	365,463	—	365,470
Conversion of Series C preferred stock to Class A	—	—	—	—	—	—	8,245	—	—	—	—	—	34,622	—	34,622
Conversion of Class C Common stock to Class A	—	—	—	—	—	—	224,468	22	—	—	(224,468)	(22)	—	—	—
Share-based compensation expense	—	—	—	—	—	—	—	—	—	—	—	—	473,159	—	473,159
Shares issued from ATM	—	—	—	—	—	—	1,589,005	159	—	—	—	—	1,097,303	—	1,097,462
Issuance of shares of common stock for cash, net of offering costs	—	—	—	—	—	—	14,492,754	1,448	—	—	—	—	9,173,552	—	9,175,000
Net loss	—	—	—	—	—	—	—	—	—	—	—	—	—	(12,875,313)	(12,875,313)
Balance, December 31, 2022	5	\$ 5	—	\$ —	—	\$ —	178,425,932	\$17,844	8,548,088	\$ 854	12,238,232	\$ 1,224	141,723,921	\$(71,751,827)	\$ 69,992,021

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2022	2021
OPERATING ACTIVITIES:		
Net loss	\$ (12,875,313)	\$ (19,483,138)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,026,483	2,396,966
Amortization	3,148,055	1,757,393
Gain on extinguishment of debt	—	(803,079)
Gain on forgiveness of debt	—	(3,896,108)
Amortization of preferred stock fair value	—	(545,509)
Income tax benefit	(733,994)	(1,943,741)
Gain on sale of property	(5,938,150)	—
Bad debt expense	202,761	3,028,757
Employee stock compensation	704,736	298,063
Amortization of debt discounts	—	1,436,052
Operating lease expense	1,006,683	412,898
Impairment loss on equity investment	—	1,350,000
Impairment loss of intangible asset and goodwill	—	367,519
Write off of inventory	691,061	237,192
Change in current assets and liabilities:		
Accounts receivable	(5,467,529)	(4,235,353)
Inventory	(1,529,776)	(6,795,719)
Contract assets	(524,884)	(160,483)
Prepaid expenses and other assets	(1,970,803)	(87,950)
Accounts payable	724,576	725,596
Accrued expenses	1,675,884	614,399
Contract liabilities	(1,075,164)	332,032
Operating lease liability	(642,822)	(429,529)
Net cash used in operating activities	(19,578,196)	(25,423,742)
INVESTING ACTIVITIES:		
Capital expenditures	(1,067,157)	(3,571,253)
Proceeds from sale of asset	140,710	—
Proceeds from sale of building	12,454,943	—
Cash paid in international technology agreement	(250,000)	—
Cash paid for acquisitions	—	(37,324,035)
Cash paid for equity investment	—	(350,000)
Cash assumed in acquisition	—	81,442
Net cash used in investing activities	11,278,496	(41,163,846)
FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	11,097,462	76,492,993
Proceeds from issuances of notes payable, non-related party	500,000	16,078
Proceeds from issuances of convertible notes payable	—	408,000
Net proceeds from lines of credit	4,795,213	2,575,552
Cash paid for debt issuance costs	(266,419)	—
Cash paid for equity issuance costs	(825,000)	—
Repurchase of common stock	—	(185,850)
Repayment of mortgage	(4,642,043)	—
Repayments of notes payable, related party	—	(238,651)
Repayments of notes payable, non-related parties	(2,750,943)	(7,161,807)
Repayments of convertible notes payable	—	(1,688,464)
Cash paid on financing lease obligations	(650,695)	(637,180)
Net cash provided by financing activities	7,257,575	69,580,671
NET INCREASE (DECREASE) IN CASH	(1,042,125)	2,993,083
CASH , BEGINNING BALANCE	3,715,666	722,583
CASH, ENDING BALANCE	\$ 2,673,541	\$ 3,715,666
CASH PAID FOR:		
Interest	\$ 2,231,600	\$ 1,973,818
Income taxes	\$ —	\$ 54,058
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:		
Common stock issued for convertible note payable and accrued interest	\$ —	\$ 1,886,896
ROU asset and operating lease obligation recognized under Topic 842	\$ 15,729,043	\$ 95,029
Equipment purchased on financing lease	\$ 243,843	\$ —
Beneficial conversion feature on convertible notes	\$ —	\$ 92,428
Common stock issued for acquisition	\$ —	\$ 15,067,211
Remeasurement of finance lease liability	\$ —	\$ 279,287
Mortgage on property purchase	\$ —	\$ 4,680,000
Accounts receivable converted to equity investment	\$ —	\$ 1,000,000
Issuance of shares of series D preferred stock for acquisition	\$ —	\$ 6,653,309
Notes payable issued to the Sellers for the purchase of DTI	\$ —	\$ 2,000,000
Conversion of series D preferred stock for common stock	\$ —	\$ 136
Conversion of series C preferred stock for common stock	\$ —	\$ 171

The accompanying notes are an integral part of these consolidated financial statements.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Note 1 - Restatement of Consolidated Financial Statements

As more fully discussed in the Form 10-K/A filed on March 17, 2023, the Company restated its consolidated financial statements as of December 31, 2021 and 2020, and for the years then ended to correct errors related to purchase accounting impacting income taxes related to the deferred tax liabilities for certain acquisitions the Company made in 2020 and 2021, the classification of the Series C and Series D preferred shares issued in connection with these acquisitions, errors in the valuation of certain assets acquired for one of the acquisitions in 2021, and errors in the recording of forgiveness of PPP loans that were assumed as part of certain acquisitions in 2020 and 2021.

Note 1A – Organization and Basis of Presentation

Alpine 4 Holdings, Inc. (together with its subsidiaries, the “Company,” “we,” or “our”), was incorporated under the laws of the State of Delaware on April 22, 2014. The Company was formed to serve as a vehicle to affect an asset acquisition, merger, exchange of capital stock, or other business combination with a domestic or foreign business. On March 2, 2021, the Company changed its name from Alpine 4 Technologies Ltd. to Alpine 4 Holdings, Inc.

Effective April 1, 2016, the Company purchased all of the outstanding capital stock of Quality Circuit Assembly, Inc., a California corporation (“QCA”).

Effective January 1, 2019, the Company purchased all of the outstanding capital stock of Morris Sheet Metal Corp., an Indiana corporation (“MSM”), JTD Spiral, Inc. a wholly owned subsidiary of MSM, an Indiana corporation, Morris Enterprises LLC, an Indiana limited liability company and Morris Transportation LLC, an Indiana limited liability company (collectively “Morris” or “MSM”).

Effective November 6, 2019, the Company purchased all of the outstanding capital stock and units of Deluxe Sheet Metal, Inc., an Indiana corporation, and DSM Holding, LLC, an Indiana limited liability company, and purchased certain real estate from Lonewolf Enterprises, LLC, an Indiana limited liability company (collectively “Deluxe”).

Effective February 21, 2020, the Company purchased all of the outstanding units of Excel Fabrication, LLC., an Idaho limited liability company (“Excel”).

Effective December 15, 2020, the Company purchased the assets of Impossible Aerospace Corporation, a Delaware corporation (“IA”).

Effective February 8, 2021, the Company purchased the assets of Vayu (US), Inc., a Delaware corporation (“Vayu”).

On May 5, 2021, the Company acquired all of the outstanding shares of stock of Thermal Dynamics, Inc., a Delaware corporation (“TDI”).

On May 10, 2021, the Company acquired all of the outstanding membership interests of KAI Enterprises, LLC, a Florida limited liability company, the sole asset of which was all of the outstanding membership interests of Alternative Laboratories, LLC, a Delaware limited liability company (“Alt Labs”).

On October 20, 2021, the Company acquired 100% of the outstanding shares of Identified Technologies Corporation, a Delaware corporation (“Identified Technologies”).

On November 29, 2021, the Company, and a newly formed and wholly owned subsidiary of the Company named ALPP Acquisition Corporation 3, Inc. (“AC3”), entered into a merger agreement with ElecJet Corp., (“ElecJet”) and the three ElecJet shareholders. Pursuant to the agreement, AC3 merged with and into ElecJet with ElecJet being the surviving entity following the merger.

On December 9, 2021, the Company, and A4 Technologies, Inc., a wholly owned subsidiary of the Company (“A4 Technologies”), entered into a Membership Interest Purchase Agreement with DTI Services Limited Liability Company

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

(doing business as RCA Commercial Electronics), (“DTI”), Direct Tech Sales LLC, (also having an assumed business name of RCA Commercial Electronics), (“Direct Tech”), PMI Group, LLC, (“PMI”), Continu.Us, LLC, (“Continu.Us”), Solas Ray, LLC, (“Solas”), and the individual owners of the interests of the various entities. DTI, Direct Tech, PMI, Continu.Us, and Solas were each referred to in the Membership Interest Purchase Agreement collectively as “RCA.” Pursuant to the MIPA, the Company acquired all of the outstanding membership interests of RCA.

In Q1 2022, the Company formed Global Autonomous Corporation (“GAC”) with several key employees and consultants. The Company owns 71.43% of the outstanding shares of stock of GAC, which has remained consistent throughout the year. There was no assignment of assets or other financial activity on the entity during the current year.

As of the date of this Report, the Company was a holding company owning, directly or indirectly, fourteen companies:

- A4 Corporate Services, LLC;
- ALTIA, LLC;
- Quality Circuit Assembly, Inc.;
- Morris Sheet Metal, Corp;
- JTD Spiral, Inc.;
- Excel Construction Services, LLC;
- SPECTRUMebos, Inc.;
- Vayu (US)
- Thermal Dynamics International, Inc.;
- Alternative Laboratories, LLC.;
- Identified Technologies, Corp.;
- ElecJet Corp.;
- DTI Services Limited Liability Company (doing business as RCA Commercial Electronics); and
- Global Autonomous Corporation,

Basis of presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”).

Liquidity

The Company’s financial statements are prepared in accordance with U.S. GAAP applicable to a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business within one year after the date the consolidated financial statements are issued.

In accordance with Financial Accounting Standards Board (the “FASB”), Accounting Standards Update (“ASU”) No. 2014-15, Presentation of Financial Statements - Going Concern (Subtopic 205-40), our management evaluates whether there are conditions or events, considered in aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued (further detail in the going concern sub-section below).

As shown in the accompanying consolidated financial statements, the Company has incurred significant recurring losses and negative cash flows from operations. These factors raise substantial doubt about the Company’s ability to continue as a going concern. While the Company experienced a loss for the year ended December 31, 2022, of \$12.9 million, and had a negative cash flow used in operations of \$19.6 million, this was an improvement over the same period last year, for the year ended December 31, 2021, when there was a net loss of \$19.5 million had a negative cash flow used in operations of \$25.4 million.

As of December 31, 2022, the Company has positive working capital of approximately \$15.6 million. The Company has also secured bank financing totaling \$33.0 million (\$33.0 million in Lines of Credit including \$0.5 million in capital expenditures lines of credit availability) of which \$3.8 million was available and unused at December 31, 2022. There are

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

two lines of credit that are set to mature during 2023. These two line of credits total \$8.0 million, of which \$7.5 million was used as of December 31, 2022, and are shown as a current liability on the consolidated balance sheet.

The Company plans to continue to generate additional revenue (and improve cash flows from operations) partly from the acquisitions of the six operating companies, which closed in 2021, combined with improved gross profit performance from the existing operating companies. The Company also plans to continue to raise funds through debt financing and the sale of shares through its planned at-the-market offering.

Going Concern

The accompanying financial statements have been prepared on a going concern basis. While the working capital deficiency of prior years has improved, and working capital of the Company is currently positive, continued operating losses causes doubt as to the ability of the Company to continue. The Company's ability to raise additional capital through the future issuances of common stock is unknown. The obtainment of additional financing, the successful development of the Company's plan of operations, and its ultimate transition to profitable operations are necessary for the Company to continue. The uncertainty that exists with these factors raises substantial doubt about the Company's ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

In order to mitigate the risk related to the going concern uncertainty, the Company has a three-fold plan to resolve these risks. First, the operating subsidiaries of QCA, TDI, IDT and RCA plan to expand their revenues and profits yielding increased cash flow in those operating segments. This plan will allow for an increased level of cash flow to the Company. Second, the Company has expanded its credit facilities at the subsidiary level over the past 12 months to allow for greater borrowing accessibility if needed for the expansion of product lines and sales opportunities and plans to extend or refinance any lines of credit coming due over the next 12 months in order to provide additional financing. Finally, operating companies hard hit by the supply-chain related price increases such as MSM, Alt Labs, and Excel Construction have begun to experience an easing in the procurement and cost overruns of limited product supply. This subsequently has added to increased cash flow to those entities and less reliance on the Company to fund those activities. Although this plan is in place to mitigate the risk related to the going concern uncertainty, substantial doubt remains due to uncertainty around the growth projections and lack of control of many of the factors included in the Company's plan.

Note 2 - Summary of Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as of December 31, 2022 and 2021. Significant intercompany balances and transactions have been eliminated.

Use of estimates

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. Preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable. In many instances, the Company could have reasonably used different accounting estimates and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. This applies in particular to useful lives of long-lived assets, reserves for accounts receivable and inventory, valuation allowance for deferred tax assets, fair values assigned to intangible assets acquired, and impairment of long-lived assets. Actual results could differ significantly from our estimates. To the extent that there are material differences between these estimates and actual results, the Company's future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Advertising

Advertising costs are expensed when incurred. All advertising takes place at the time of expense. We have no long-term contracts for advertising. Advertising expense for all periods presented were not significant.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Cash

Cash and cash equivalents consist of cash and short-term investments with original maturities of less than 90 days. As of December 31, 2022, and 2021, the Company had no cash equivalents.

The FDIC insures up to \$250,000 per account with any excess amount in each account being uninsured. Total bank balances were approximately \$3.2 million and \$3.5 million, respectively as of December 31, 2022 and December 31, 2021. Of this amount, approximately \$2.0 million and \$2.0 million, respectively, were uninsured. All uninsured amounts are held with J.P. Morgan Chase.

Major Customers

The Company had no customers that made up over 10% of accounts receivable as of December 31, 2022, and 2021.

For the year ended December 31, 2022, the Company had one customer that made up 14% of total Company revenues within the A4 Technology - RCA segment. This customer had an accounts receivable balance of \$1.2 million as December 31, 2022. For the year ended December 31, 2021, the Company had two customers that each made up 11% of total Company revenues with the A4 Manufacturing - QCA segment and A4 Manufacturing - Alt Labs segment. The customer within A4 Manufacturing - QCA segment had an accounts receivable balance of \$1.0 million as of December 31, 2021. The customer within A4 Manufacturing - Alt Labs segment had an accounts receivable balance of \$0, as of December 31, 2021, as the account receivable related to this customer was written off as bad debt expense noted in the section below.

For the year ended December 31, 2022, the Company had 9% of total revenues made up of government contracts.

Major Vendors

For the year ended December 31, 2022, there was one vendor that made up 14% of total Company purchases within the A4 Technology - RCA segment. For the year ended December 31, 2021, there were no vendors that made up at least 10% of total purchases within the Company.

Accounts Receivable, net

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis. As of December 31, 2022 and 2021, allowance for bad debt was \$52,531 and \$199,936, respectively. During the years ended December 31, 2022 and 2021, the Company wrote off \$202,761 and \$3,028,757, respectively to bad debts expense.

Inventory

Inventory for all subsidiaries is valued at weighted average. Management compares the cost of inventory with its net realizable value and an allowance is made to write down inventory to net realizable value, if lower. Inventory is segregated into three areas, raw materials, work-in-process and finished goods. Inventory as of December 31, 2022 and 2021 consisted of:

	December 31, 2022	December 31, 2021
Raw materials	\$ 9,116,824	\$ 8,253,104
Work in process	3,165,876	2,480,979
Finished goods	12,975,669	13,685,571
Inventory	<u>\$ 25,258,369</u>	<u>\$ 24,419,654</u>

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Property and Equipment, net

Property and equipment are carried at cost less depreciation. Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives of the assets, which range from five years to 39 years as follows:

Automobiles and trucks	5 to 7 years
Machinery and equipment	10 years
Office furniture and fixtures	5 years
Buildings and improvements	39 years

Maintenance and repair costs are expensed as incurred. Significant improvements are capitalized and depreciated over the estimated life of the asset.

Property and equipment consisted of the following as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Automobiles and trucks	\$ 1,056,551	\$ 1,251,187
Machinery and equipment	9,864,846	8,876,402
Office furniture and fixtures	186,464	167,581
Buildings and improvements	16,696,926	23,630,250
Total Property and equipment	27,804,787	33,925,420
Less: Accumulated depreciation	(8,301,302)	(5,823,949)
Property and equipment, net	<u>\$ 19,503,485</u>	<u>\$ 28,101,471</u>

Included in Buildings and improvements in the above table are two buildings of \$9,000,000 and \$2,000,000 related to sale leaseback transactions. (See Note 3)

The Company recorded depreciation expense of \$3,026,483 and \$2,396,966 in 2022 and 2021, respectively.

Purchased Intangibles and Other Long-Lived Assets, net

The Company amortizes intangible assets with finite lives over their estimated useful lives, which range between one and seventeen years as follows:

Software	5 years
Non-compete agreements	1-15 years
Customer list	3-16 years
Patents, trademarks, and licenses	3-17 years
Proprietary technology	15 years

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Intangible assets consisted of the following as of December 31, 2022 and 2021:

Cost	Weighted Average Amortization Period	December 31, 2022	December 31, 2021
Software	2.0 years	\$ 128,474	\$ 128,474
Non-compete agreement	6.3 years	1,426,276	1,378,772
Customer list	11.9 years	13,011,187	13,011,187
Patents, trademarks, and licenses	13.9 years	7,127,408	7,174,912
Proprietary technology	13.5 years	19,866,743	19,616,743
	12.9 years	41,560,088	41,310,088
Accumulated amortization			
Software		\$ (77,084)	\$ (64,757)
Non-compete agreement		(478,510)	(210,465)
Customer list		(1,711,327)	(1,112,797)
Patents, trademarks, and licenses		(962,258)	(8,444)
Proprietary technology		(2,048,300)	(732,961)
		(5,277,479)	(2,129,424)
Intangibles assets, net		<u>\$ 36,282,609</u>	<u>\$ 39,180,664</u>

Expected amortization expense of intangible assets over the next 5 years and thereafter is as follows:

Years Ending December 31,	
2023	\$ 3,152,048
2024	3,152,048
2025	2,919,686
2026	2,900,686
2027	2,762,686
Thereafter	21,395,455
Total	<u>\$ 36,282,609</u>

The Company recorded amortization expense of \$3,148,055 and \$1,757,393 in 2022 and 2021, respectively.

Other Long-Term Assets

Other long-term assets consisted of the following as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Deposits	\$ 578,545	\$ 149,517
Other	1,277,060	207,601
	<u>\$ 1,855,605</u>	<u>\$ 357,118</u>

Impairment of Long-Lived Assets

The Company accounts for long-lived assets in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 360, *Accounting for the Impairment of Long-Lived Assets*. This statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset.

During the third quarter of 2022, there was a triggering event related to the customer list for Alt Labs which required an analysis to be performed. This analysis was performed in conjunction with a third-party valuation expert. As a result of the analysis, it was determined that the value of the estimated future cash flows were greater than the carrying value of the reporting unit's assets. No impairment was recognized during the year ended December 31, 2022.

During the year ended December 31, 2021, due to the significant impact of COVID-19, the Company determined that the customer list for Excel was impaired and took a charge to earnings of \$359,890.

Goodwill

In financial reporting, goodwill is not amortized, but is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Events that result in an impairment review include significant changes in the business climate, declines in our operating results, or an expectation that the carrying amount may not be recoverable. We assess potential impairment by considering present economic conditions as well as future expectations. All assessments of goodwill impairment are conducted at the individual reporting unit level. As of December 31, 2022 and 2021, the reporting units with goodwill were QCA, Morris, Alt Labs, TDI, Identified Technology, ElecJet, and RCA.

During the year ended December 31, 2021, the Company determined that the goodwill for Excel was impaired and took a charge to earnings of \$7,629. During the 2022 fourth quarter, we conducted our annual goodwill impairment test and no impairment charges were recorded. The estimated fair values of all our reporting units exceeded their carrying amounts. Based on the analysis, the ElecJet reporting unit is considered an at-risk reporting unit. Our methods and assumptions were consistent with those discussed below in the Fair Value Measurement subsection. This reporting unit is primarily considered at-risk as it is a start-up subsidiary with minimal to no revenue to offset its research & development expenses. The DCF model includes revenue growth assumptions of us executing large new customer and/or supplier agreements within the next two years and then steadily increasing revenue at a more normalized rate thereafter. If we fail to execute these customer and/or supplier arrangements, this would negatively impact the key growth assumptions.

Leases

The Company accounts for its leases under ASC 842, Leases ("ASC 842"). Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. The Company excludes short-term leases having initial terms of 12 months or less as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term.

Fair Value Measurement

ASC 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Level 3 – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

We apply the provisions of fair value measurement to various nonrecurring measurements for our financial and nonfinancial assets and liabilities. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, convertible notes, notes payable and lines of credit. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

We calculate the estimated fair value of a reporting unit using a combination of the income and market approaches. For the income approach, we use a discounted cash flow models developed in connection with our third-party valuation specialists that include the following assumptions, among others: projections of revenues, expenses, and related cash flows based on assumed long-term growth rates; and estimated discount rates. For the market approach, we use analyses based primarily on market comparables. We base these assumptions on historical data and experience, industry projections, and general economic conditions.

The carrying value of long-term debt approximates fair value since the related rates of interest approximate current market rates. As of December 31, 2022 and 2021, the Company had no financial assets or liabilities that were required to be fair valued on a recurring basis as all of our financial assets and liabilities were Level 1.

Equity Investments

The Company's equity investments consisted of investment in one private company in which the Company does not have the ability to exercise significant influence over their operating and financial activities. This investment is carried at cost as there is no market for the membership units, accordingly, no quoted market price is available. The investment is tested for impairment, at least annually, and more frequently upon the occurrences of certain events. As of December 31, 2021, in accordance with the ASC 321 guidelines, the Company recognized a loss on impairment for the entire value of \$1,350,000. The current book value for this investment as of December 31, 2022 is \$0.

Research and Development

The Company focuses on quality control and development of new products and the improvement of existing products. All costs related to research and development activities are expensed as incurred. During the years ended December 31, 2022 and 2021, research and development cost totaled \$876,542 and \$1,464,918, respectively.

Revenue Recognition

The Company recognizes revenue under ASC Topic 606, *Revenue from contract with Customers* ("Topic 606"). The following is a summary of the revenue recognition policy for each of the Company's subsidiaries.

Revenue is recognized under *Topic 606*, at a point in time and over a period of time, in a manner that reasonably reflects the delivery of its services and products to customers in return for expected consideration and includes the following elements:

- executed contracts with the Company's customers that it believes are legally enforceable;
- identification of performance obligations in the respective contract;
- determination of the transaction price for each performance obligation in the respective contract;
- allocation the transaction price to each performance obligation; and
- recognition of revenue only when the Company satisfies each performance obligation.

The Company's subsidiaries are all located in North America, as well as the customer base in which the Company's revenue is derived from. The following is a summary of the revenue recognition policy for each of the Company's subsidiaries.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

QCA and Alt Labs

QCA (Circuit boards and cables) and Alt Labs (Supplements) are contract manufacturers and recognize revenue when the products have been built and control has been transferred to the customer. If a deposit for product or service is received prior to completion, the payment is recorded as deferred revenue until such point the product or services meets our revenue recognition policy. Management assesses the materiality and likelihood of warranty work and returns, and records reserves as needed, and have determined that the warranty and returns would be immaterial for the periods presented.

ElecJet

ElecJet is a manufacturer of electric components, and a research and development company for battery technology and recognizes revenue when the products have been shipped to the customer. If a deposit for a product or service is received prior to completion, the payment is recorded as deferred revenue until such point the product or services meets our revenue recognition policy. Management assesses the materiality and likelihood of warranty work and returns, and records reserves as needed, and have determined that the warranty and returns would be immaterial for the periods presented.

Identified Technologies

Identified Technologies provides 3D mapping drone software and data for industrial job sites and recognizes revenue when the service has been provided to the customer. If a deposit for a product or service is received prior to completion, the payment is recorded as deferred revenue until such point the product or services meets our revenue recognition policy. Management assesses the materiality and likelihood of warranty work and returns, and records reserves as needed, and have determined that the warranty and returns would be immaterial for the periods presented.

Direct Tech Sales ("RCA")

RCA is engaged in the design, manufacture and wholesale distribution of electronics such as televisions, mounting solutions, projectors and screens, audio equipment, digital signage, mobile audio and video systems, and all wire and connecting products throughout the United States of America. RCA recognizes revenue when the products have been shipped to the customer which is also when title transfers. If a deposit for a product or service is received prior to completion, the payment is recorded as deferred revenue until such point the product or services meets our revenue recognition policy. Management assesses the materiality and likelihood of warranty work and returns, and records reserves as needed, and have determined that the warranty and returns would be immaterial for the periods presented.

MSM, Excel and TDI

For our construction contracts, revenue is generally recognized over time as our performance creates or enhances an asset that the customer controls as it is created or enhanced. Our fixed price construction projects generally use a cost-to-cost input method to measure our progress towards complete satisfaction of the performance obligation as we believe it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. For certain of our revenue streams, that are performed under time and materials contracts, our progress towards complete satisfaction of such performance obligations is measured using an output method as the customer receives and consumes the benefits of our performance completed to date. Due to uncertainties inherent in the estimation process, it is possible that estimates of costs to complete a performance obligation will be revised in the near-term. For those performance obligations for which revenue is recognized using a cost-to-cost input method, changes in total estimated costs, and related progress towards complete satisfaction of the performance obligation, are recognized on a cumulative catch-up basis in the period in which the revisions to the estimates are made. When the current estimate of total costs for a performance obligation indicate a loss, a provision for the entire estimated loss on the unsatisfied performance obligation is made in the period in which the loss becomes evident.

Contract Assets and Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. Contract assets include unbilled amounts from our construction projects when revenues recognized under the cost-to-cost measure of progress exceed the amounts invoiced to our customers, as the amounts cannot be billed under the terms of our contracts. Such amounts are

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

recoverable from our customers based upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of a contract. In addition, many of our time and materials arrangements, are billed pursuant to contract terms that are standard within the industry, resulting in contract assets being recorded, as revenue is recognized in advance of billings. Our contract assets do not include capitalized costs to obtain and fulfill a contract. Contract assets are generally classified as current within the consolidated balance sheets.

Contract liabilities from our construction contracts arise when amounts invoiced to our customers exceed revenues recognized under the cost-to-cost measure of progress. Contract liabilities additionally include advanced payments from our customers on certain contracts. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

Contract Retentions

As of December 31, 2022 and 2021, accounts receivable included retainage billed under terms of our contracts. These retainage amounts represent amounts which have been contractually invoiced to customers where payments have been partially withheld pending the achievement of certain milestones, satisfaction of other contractual conditions or completion of the project. The Company has recorded a receivable for retainage of approximately \$2.0 million and \$1.6 million as of December 31, 2022, and 2021, respectively.

The following table presents our revenues disaggregated by type with the sales of goods recognized upon delivery and the sales of services recognized over the time of the contract as described above:

	Year ended December 31,	
	2022	2021
Sale of goods		
Circuit boards and cables	\$ 18,780,769	\$ 15,700,902
Supplements	12,889,992	11,674,220
Electronics	41,191,146	1,543,469
Total sale of goods	72,861,907	28,918,591
Sale of services		
Construction contracts	30,098,249	22,462,399
Drone 3D mapping	1,602,846	259,823
Total sale of services	31,701,095	22,722,222
Total revenues	\$ 104,563,002	\$ 51,640,813

Earnings (loss) per share

The Company presents both basic and diluted net income (loss) per share on the face of the consolidated statements of operations. Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted per share calculations give effect to all potentially dilutive shares of common stock outstanding during the period, including stock options and warrants, using the treasury-stock method. If antidilutive, the effect of potentially dilutive shares of common stock is ignored. The amount of anti-dilutive shares related to stock options and warrants as of December 31, 2022 and 2021, were 21,664,165 and 7,317,778, respectively. The following table illustrates the computation of basic and diluted earnings per share ("EPS") inclusive of all

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

classes of common stock as the only difference between the classes of common stock are related to the voting rights (Note 6) for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Net loss	Shares	Per Share Amount	Net loss	Shares	Per Share Amount
Basic EPS						
Loss available to stockholders	\$ (12,875,313)	190,779,052	\$ (0.07)	\$ (19,483,138)	164,216,808	\$ (0.12)
Effect of Dilutive Securities						
Stock options and warrants	—	—	—	—	—	—
Dilute EPS						
Loss available to stockholders plus assumed conversions	\$ (12,875,313)	190,779,052	\$ (0.07)	\$ (19,483,138)	164,216,808	\$ (0.12)

Stock-based compensation

The Company follows the guidelines in ASC 718-10 Compensation-Stock Compensation, which requires companies to measure the cost of employee and non-employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. Stock-based compensation expense for stock options is recognized on a straight-line basis over the requisite service period. The Company may issue compensatory shares for services including, but not limited to, executives, management, accounting, operations, corporate communication, financial and administrative consulting services. The Company determines the grant date fair value of the options using the Black-Scholes option-pricing model.

Income taxes

The Company records income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carry forwards. Accounting standards regarding income taxes requires a reduction of the carrying amounts of deferred tax assets by a valuation allowance, if based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed at each reporting period based on a more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company's experience with operating loss and tax credit carry forwards not expiring unused, and tax planning alternatives.

The Company recorded valuation allowances on the net deferred tax assets. Management will reassess the realization of deferred tax assets based on the accounting standards for income taxes each reporting period. To the extent that the financial results of operations improve, and it becomes more likely than not that the deferred tax assets are realizable, the Company will be able to reduce the valuation allowance.

Significant judgment is required in evaluating the Company's tax positions and determining its provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. Accounting standards regarding uncertainty in income taxes provides a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely, based solely on the technical merits, of being sustained on examinations. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately anticipate actual outcomes.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Related Party Disclosure

ASC 850, *Related Party Disclosures*, requires companies to include in their financial statements disclosures of material related party transactions. The Company discloses all material related party transactions. Related parties are defined to include any principal owner, director or executive officer of the Company and any immediate family members of a principal owner, director or executive officer.

Recent Accounting Pronouncements

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

In June 2016, the FASB issued ASC 326, Financial Instruments - Credit Losses, which amends the impairment model by requiring entities to use a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including trade receivables. The new standard is effective in the first quarter of fiscal 2023 and is expected to have an immaterial impact on the Company's financial statements.

Note 3 – Leases

The Company determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, the Company uses the rate implicit in the lease to discount lease payments to present value; however, most of the Company's leases do not provide a readily determinable implicit rate. Therefore, the Company discounts lease payments based on an estimate of its incremental borrowing rate.

As of December 31, 2022, the future minimum finance and operating lease payments are as follows:

Years Ending December 31,	Finance Leases	Operating Leases
2023	\$ 1,925,840	\$ 2,287,038
2024	1,952,462	2,443,909
2025	1,880,402	1,960,387
2026	1,867,799	1,805,158
2027	1,910,388	1,770,300
Thereafter	14,952,719	13,253,279
Total payments	24,489,610	23,520,071
Less: imputed interest	(9,171,495)	(6,938,692)
Total obligation	15,318,115	16,581,379
Less: current portion	(725,302)	(1,318,885)
Non-current capital leases obligations	<u>\$ 14,592,813</u>	<u>\$ 15,262,494</u>

Finance Leases

As of December 31, 2022, all finance leases in the table above were related to property and equipment, and are included as part of property and equipment, net on the consolidated balance sheet. Depreciation expense associated with the finance leases within property and equipment was \$1,251,817 and \$1,244,059 for the years ended December 31, 2022 and 2021, respectively. Of this amount, \$151,398 and \$422,259 is recorded within Cost of Revenues with the remainder recorded in General & Administrative expenses on the Consolidated Statements of Operations for the years ended December 31, 2022 and 2021. Interest expense related to the finance leases for the years ended December 31, 2022 and 2021 was \$1,255,231 and \$1,301,842, respectively, and is recorded within Interest Expense on the Consolidated Statement of Operations. At

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

December 31, 2022, the weighted average remaining lease terms were 11.95 years, and the weighted average discount rate was 8.01%.

Operating Leases

The table below presents the operating lease related assets and liabilities recorded on the Company's consolidated balance sheet:

	Classification on Balance Sheet	December 31, 2022	December 31, 2021
Assets			
Operating lease assets	Operating lease right of use assets	\$ 16,407,566	\$ 1,460,206
Total lease assets		<u>\$ 16,407,566</u>	<u>\$ 1,460,206</u>
Liabilities			
Current liabilities			
Operating lease liability	Current operating lease liability	\$ 1,318,885	\$ 428,596
Noncurrent liabilities			
Operating lease liability	Long-term operating lease liability	15,262,494	1,066,562
Total lease liability		<u>\$ 16,581,379</u>	<u>\$ 1,495,158</u>

On May 3, 2021, the Company entered into a lease agreement for the building on 4740 Cleveland in Ft. Myers, Florida. The lease had a term of 72 months with monthly payments ranging from \$40,833 to \$49,583 from May 2021 to July 2021 and \$58,333 from August 2021 through the end of the term. The Company determined the lease to be an operating lease and recognized a right-of-use asset and operating lease liability of \$3,689,634 based on the present value of the minimum lease payments discounted using an incremental borrowing rate of 3.96%. This lease was terminated on August 27, 2021, when the Company purchased the building.

In December 2021, the Company acquired RCA. As part of this purchase the Company entered into a lease agreement for office and warehouse space under a non-cancellable operating lease. The lease has a term of 89 months with monthly payments ranging from \$31,350 to \$35,207. The Company determined the lease to be an operating lease and recognized a right-of-use asset of \$1,196,764 and operating lease liability of \$1,226,128 based on the present value of the minimum lease payments discounted using an incremental borrowing rate of 4%.

On June 23, 2022, the Company entered into a sale lease back agreement for the building on 4740 Cleveland in Ft. Myers, Florida. The lease had a term of 180 months with monthly payments ranging from \$67,708 to \$89,306. The Company determined the lease to be an operating lease and recognized a right-of-use asset and an operating lease liability of \$8,725,000 based on the present value of the minimum lease payments discounted using an incremental borrowing rate of 7.00%.

On June 26, 2022, the Company amended its lease effective July 1, 2022 for the warehouse in Ann Arbor, Michigan for an additional 12,800 sq ft through July 31, 2025, with total monthly lease payments ranging from \$16,000 to \$16,800. As a result of this amendment, the Company remeasured the right of use asset and liability and recorded an additional \$543,595 in right of use asset on the date of the modification based on the present value of the minimum lease payment discounted using an incremental borrowing rate of 5.13%.

On June 13, 2022, the Company entered into a lease effective October 1, 2022 for a building in San Jose, California through March 1, 2033, with total monthly lease payments ranging from \$49,156 to \$66,062. The Company determined the lease to be an operating lease and recognized a right-of-use asset of and operating lease liability of \$5,506,357 based on the present value of the minimum lease payments discounted using an incremental borrowing rate of 4%.

On September 9, 2022, the Company amended its lease effective as of October 1, 2022 for the warehouse in Ft. Myers, Florida through September 30, 2027, with total monthly lease payments ranging from \$21,637 to \$23,682. As a result of this amendment, the Company remeasured the right of use asset and liability and recorded an additional \$1,179,091 in right

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**For the Years Ended December 31, 2022 and 2021**

of use asset on the date of the modification based on the present value of the minimum lease payment discounted using an incremental borrowing rate of 6.25%.

The operating lease expense for the years ended December 31, 2022 and 2021 was \$1,006,683 and \$386,056, respectively. Of this amount, \$329,938 and \$0 is recorded in Cost of Revenues on the Consolidated Statements of Operations for the years ended December 31, 2022 and 2021, respectively. The remaining \$676,745 and \$386,056 is recorded within General & Administrative expenses on the Consolidated Statements of Operations for the years ended December 31, 2022 and 2021, respectively. The cash paid under operating leases during the years ended December 31, 2022 and 2021 was \$1,087,951 and \$402,688, respectively. As of December 31, 2022, the weighted average remaining lease terms were 11.83 years and the weighted average discount rate was 6%.

Note 4 – Debt

On February 22, 2018, the Company issued a \$3,000,000 note payable under the Amended and Restated Secured Promissory Note with the seller of VWES. The note is secured by the assets of VWES and bears interest at 7% per annum and is due in semi-annual payments of \$150,000 commencing on June 1, 2018, through June 1, 2020. The remaining principal and accrued interest is due on the 3-year anniversary. The Company is not current on its payments on the note. In August 2020, the company filed a lawsuit against Alan Martin regarding his note payable. The balance as of December 31, 2022, and 2021, was \$2,857,500, and accrued interest of \$1,710,577 and \$1,170,861, respectively, which are reflective in the current liabilities. The default rate is 10% and the daily late charge is \$575. (See a description of the Company's ongoing legal proceedings relating to this transaction in Note 11, Commitments and Contingencies, below.)

In connection with the Morris acquisition in January 2019, the Company issued three subordinated secured promissory notes for an aggregate of \$3,100,000. The notes bear interest at 4.25% per annum, require monthly payment for the first 35 months of \$31,755 with any remaining principal and accrued interest due on the 3 year-anniversary. The Company also issued three supplemental notes payable for an aggregate of \$350,000. The notes bear interest at 4.25% per annum and are due on the 1-year anniversary. In May 2020, the Company amended the three supplemental notes of \$116,667 each with the sellers of Morris. The notes were due January 1, 2020. Each of the new notes as of the date of amendment had accrued interest of \$2,703. This was added to the note resulting in the principal amount of each of the new notes equaling to \$119,370. The amendment required an initial payment of \$30,000 for each note, which was made on May 23, 2020, and 8 monthly installments of \$10,000 with one final payment of \$13,882 through January 2021. The amended notes have an interest rate of 6%. As of December 31, 2022, the outstanding balance on these notes and supplemental notes were paid in full.

In connection with the Deluxe acquisition in November 2019, the Company issued two subordinated secured promissory notes to the seller. The first note for \$1,900,000 bears interest at 4.25% per annum, require monthly payment for the first 35 months of \$19,463 with any remaining principal and accrued interest due on the 3 year-anniversary. The second note for \$496,343 bears interest at 8.75% and is due in January 2020. In January 2020, the Company entered into a debt conversion agreement with the seller, which fully settled the second note. On April 8, 2021, the Company entered into a settlement agreement with the seller wherein the outstanding balance on the first note amounting to \$1,883,418 including accrued interest and net other costs was settled in full through a payment of approximately \$887,000 and the exchange of 1,617,067 shares of the Company's Class C common shares held by the seller for the same number of shares of the Company's Class A common stock. The Company recognized a gain on extinguishment of debt totaling \$803,079 during the year ended December 31, 2021, as a result of the settlement of the note.

In connection with the Excel acquisition in February 2020, the Company issued a subordinated secured promissory note to the seller. The note for \$2,300,000 bears interest at 4.25% per annum, requires monthly interest only payments for 48 months and is due February 2024. The ending balance for this loan as of December 31, 2022 and 2021, was \$2,062,318. (See a description of the Company's ongoing legal proceedings relating to this transaction in Note 11, Commitments and Contingencies, below.)

In October 2019, Morris entered into an equipment finance note for \$107,997 with an interest rate of 9.4% for 48 monthly payments with Bryn Mawr Equipment Finance Inc. The outstanding balance on this note as of December 31, 2022 and 2021, was \$23,405 and \$52,504, respectively.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

In connection with the RCA acquisition in December 2021, the Company issued two subordinated secured promissory notes for an aggregate of \$2,000,000. The notes are amortized over 10 years, bear interest at 3.75% per annum and require monthly payment of at least \$19,590. After three years, the unpaid principal amount on the notes will be immediately due.

In April and May 2020, the Company received seven loans under the Paycheck Protection Program of the U.S. Coronavirus Aid, Relief and Economic Security (“CARES”) Act totaling \$3,896,108. During the year ended December 31, 2021, the Company also acquired four loans with a book value totaling \$1,799,725 due to acquisitions, and fair value of \$65,000. The loans have terms of 24 months and accrue interest at 1% per annum. The Company paid \$88,160 for the loan assumed in connection with the IA acquisition, and the remaining \$356,690 was forgiven. The remaining ten loans were forgiven as provided by the CARES Act during the year ended December 31, 2021. The Company recognized a gain on forgiveness of debt of \$0 and \$3,896,108 for the years ended December 31, 2022 and December 31, 2021, respectively. The Company also assumed an Economic Injury Disaster Loan (EIDL) of \$65,000 in connection with the Vayu acquisition, which was still outstanding as of December 31, 2022.

On August 27, 2021 the Company entered into \$4.7 million agreement for the purchase of a building located at 4740 Cleveland in Ft. Myers, Florida. The loan bears interest at a rate of 3.95% per annum for a term of 10-years and requires monthly payments of \$24,722. The loan is secured by the building and a guarantee by the Company. On June 23, 2022, the Company sold the building at 4740 S. Cleveland Ave. Fort Myers, Florida, for \$13,200,000. The Company determined that it had transferred control of the building to the buyer, has derecognized the asset, and recognized a gain on the sale of \$5,822,450 and paid off the outstanding mortgage of \$4,642,043. Under ASC 842, *Leases*, the Company simultaneously entered into a sale leaseback transaction where the building was then leased back (See Note 3).

In January 2022, Alt Labs entered into a note payable for \$500,000 with an interest rate of 3.85% for 60 monthly payments of \$9,186. The outstanding balance on this note as of December 31, 2022, was \$414,498.

In May 2022, Morris entered into an equipment finance note for \$61,000 with an interest rate of 10% for 60 monthly payments of \$1,314. The outstanding balance on this note as of December 31, 2022, was \$53,595.

In January 2022, Morris entered into an equipment finance note for \$89,153 with an interest rate of 5.86% for 60 monthly payments of \$1,722. The outstanding balance on this note as of December 31, 2022, was \$74,644.

In March 2022, Morris entered into an equipment finance note for \$93,433 with an interest rate of 5.86% for 60 monthly payments of \$1,804. The outstanding balance on this note as of December 31, 2022, was \$79,653.

In May 2021, Morris entered into a revolving line of credit totaling \$2.5 million with a variable interest rate based on the current WSJ Prime rate, which was 7.50% per annum as of December 31, 2022. The business assets of Morris are pledged as collateral on this line of credit. The term end date for this line was October 2022, but has been extended through May 2023. The total line of credit used as of December 31, 2022 and December 31, 2021, was \$2.49 million and \$1.73 million respectively, with approximately \$7 thousand available to be drawn on as of December 31, 2022.

In September 2021, QCA entered into a revolving line of credit totaling \$5.5 million that includes a capital expenditure line of credit \$0.5 million, with a variable interest rate based on the current WSJ Prime rate plus 2.5%. As of December 31, 2022, the interest rate was 10.00%. AR, inventory, and equipment are pledged as collateral on this line of credit. The term end date on this line of credit is September 2023. The line of credit used as of December 31, 2022 and December 31, 2021 was \$5.0 million and \$2.0 million, respectively, with approximately \$51 thousand available to be drawn on as of December 31, 2022.

In April 2022, Alt Labs entered into three revolving lines of credit totaling \$5.0 million with a variable interest rate based on the current WSJ Prime rate plus 2.5%. As of December 31, 2022, the interest rate was 10.00%. AR, inventory, and equipment are pledged as collateral on these lines of credit. The term end date for two of the three lines of credit is March 2024, while the term date of the third line of credit is March 2026. The total lines of credit used as of December 31, 2022 was \$1.84 million, with approximately \$17 thousand available to be drawn on as of December 31, 2022. Alt Labs had an existing line of credit totaling \$750 thousand as of December 31, 2021. This was paid out and closed as part of opening the new lines of credit in 2022.

In September 2022, RCA entered into a revolving line of credit totaling \$20.0 million with an interest rate of 1.75% plus the secured overnight financing rate (SOFR). AR, inventory, and equipment are pledged as collateral on these lines of credit. The term end date for this line of credit is September 2027. The total lines of credit used as of December 31, 2022

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

was \$5.54 million, with approximately \$3.80 million available to be drawn on as of December 31, 2022. RCA had an existing line of credit totaling \$10.0 million, with a used total of \$5.64 million as of December 31, 2021. The balance of the existing line of credit was paid off and closed as part of the opening of the new line of credit in September 2022.

The Company is required to maintain covenants including financial ratios as a condition of the line of credit agreements. As of the date of this Report, the Company was not in compliance with these covenants as the 10-K report was not filed within 90 days from the year ended December 31, 2022. However, the Company received waivers extended through May 5th, 2023. As such, the Company will be in compliance with the covenants as of the date of this report.

The outstanding balances for the loans as of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Lines of credit, current portion	\$ 7,426,814	\$ 4,473,489
Equipment loans, current portion	68,410	61,640
Term notes, current portion	3,132,726	5,628,884
Total current	10,627,950	10,164,013
Line of credit, net of current portion	7,215,520	5,640,051
Long-term portion of equipment loans and term notes	4,266,350	8,426,105
Total notes payable	<u>\$ 22,109,820</u>	<u>\$ 24,230,169</u>

Future scheduled maturities of outstanding debt are as follows:

Years Ending December 31,	
2023	\$ 10,627,950
2024	5,104,159
2025	155,254
2026	734,607
2027	5,422,850
Thereafter	65,000
Total	<u>\$ 22,109,820</u>

Note 5 - Preferred Stock Subject to Redemption

Series C Preferred Stock

The Company designated 2,028,572 shares of Series C Preferred Stock with a stated value of \$3.50 per share. No dividends will accrue on the Series C Preferred Stock. If dividends are declared on the Company's Class A, Class B, or Class C Common Stock, the holders of the Series C Preferred Stock will participate in such dividends on a per share basis, *pari passu* with the Classes of Common Stock.

Voting Rights - The Series C Preferred Stock will vote together with the Class A Common Stock on a one-vote-for-one-Preferred-share basis. As long as any shares of Series C Preferred Stock are outstanding, the Company may not, without the affirmative vote or written consent of the holders of a majority of the then outstanding shares of the Series C Preferred Stock, (a) alter or change the powers, preferences or rights given to the Series C Preferred Stock or alter or amend the Certificate of Designation, (b) amend its Certificate of Incorporation or other charter documents in any manner that adversely affects any rights of the holders of the Series C Preferred Stock, or (c) enter into any agreement or arrangement with respect to any of the foregoing.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Liquidation - Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the holders of the Series C Preferred Stock shall participate on a per share basis with the holders of the Class A, Class B, and Class C Common Stock of the Company, and shall be entitled to share equally, on a per share basis, all assets of the Company of whatever kind available for distribution to the holders of all classes of the Common Stock. The Company shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each record holder of Series C Preferred Stock.

Conversion - The Series C Preferred Stock shall be convertible automatically into shares of the Company's Class A Common Stock (the "Automatic Conversion") as follows:

- Each share of Series C Preferred Stock will automatically convert into shares of the Company's Class A Common Stock on the earlier to occur of (a) the fifth day after the twenty-four month anniversary of the original issue date or (b) the fifth day after the date on which the Company's Class A Common Stock first trades on a national securities exchange (including but not limited to NASDAQ, NYSE, or NYSE American but excluding OTCQX Market) (such date, the "Automatic Conversion Date").
- The number of shares of the Company's Class A Common Stock into which the Series C Preferred Stock shall be converted shall be determined by multiplying the number of shares of Series C Preferred Stock to be converted by the \$3.50 stated value, and then dividing that product by the Conversion Price. The Conversion Price shall be equal to the Variable Weighted Average Price ("VWAP") of the five Trading Days prior to the Automatic Conversion Date. "VWAP" shall be defined as the volume weighted average price of the Company's Class A Common Stock on the OTC Markets or other stock exchange or trading medium where such shares are traded as reported by Bloomberg, L.P. using the VWAP function. If for any reason, VWAP cannot be thus determined, "VWAP" shall mean the average closing or last sale prices over the five Trading Days prior to the Automatic Conversion Date of the Company's Class A Common Stock on the OTC Markets or such other exchange or trading medium.

Restrictions on Resales of Class C Common Stock - The sale of shares of the Company's Class A Common Stock issued at the time of conversion by any holder into the market or to any private purchaser shall be limited to not more than twenty-five percent (25%) of all conversion shares received by such holder at the time of the automatic conversion in any given 120-day period.

Company Redemption Rights - At any time on or prior to the Automatic Conversion Date, the Company shall have the right to redeem all (but not less than all) shares of the Series C Preferred Stock issued and outstanding at any time after the original issue date, upon three (3) business days' notice, at a redemption price per share of Series C Preferred Stock then issued and outstanding (the "Corporation Redemption Price"), equal to the stated value of \$3.50 per share.

During the year ended December 31, 2020, the Company issued 1,714,286 shares of Series C Preferred Stock in connection with the acquisition of assets of IA that were valued at \$5,848,013. The difference in stated value will be accreted over a 24 month period or upon conversion from Series C Preferred Stock to Class A Common stock. As of December 31, 2022, and 2021, 1,714,286 and 1,704,137, respectively, of these shares had been converted to Class A common stock. Prior to conversion the Company recognized accretion to interest expense in the amount of \$0 and \$69,661 for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, 0 and 10,149 shares of Series C Preferred Stock were outstanding, respectively.

Series D Preferred Stock

The Company designated 1,628,572 shares of Series D Preferred Stock with a stated value of \$3.50 per share. No dividends will accrue on the Series D Preferred Stock. If dividends are declared on the Company's Class A, Class B, or Class C Common Stock, the holders of the Series D Preferred Stock will participate in such dividends on a per share basis, *pari passu* with the Classes of Common Stock.

Voting Rights - The Series D Preferred Stock will vote together with the Class A Common Stock on a one-vote-for-one-Preferred-share basis. As long as any shares of Series D Preferred Stock are outstanding, the Company may not, without the affirmative vote or written consent of the holders of a majority of the then outstanding shares of the Series D Preferred

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Stock, (a) alter or change the powers, preferences or rights given to the Series D Preferred Stock or alter or amend the Certificate of Designation, (b) amend its Certificate of Incorporation or other charter documents in any manner that adversely affects any rights of the holders of the Series D Preferred Stock, or (c) enter into any agreement or arrangement with respect to any of the foregoing.

Liquidation - Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the holders of the Series D Preferred Stock shall participate on a per share basis with the holders of the Class A, Class B, and Class C Common Stock of the Company, and shall be entitled to share equally, on a per share basis, all assets of the Company of whatever kind available for distribution to the holders of all classes of the Common Stock. The Company shall mail written notice of any such Liquidation, not less than 45 days prior to the payment date stated therein, to each record holder of Series D Preferred Stock.

Conversion - The Series D Preferred Stock shall be convertible automatically into shares of the Company's Class A Common Stock (the "Automatic Conversion") as follows:

- Each share of Series D Preferred Stock will automatically convert into shares of the Company's Class A Common Stock on the earlier to occur of (a) the fifth day after the twenty-four month anniversary of the original issue date or (b) the fifth day after the date on which the Company's Class A Common Stock first trades on a national securities exchange (including but not limited to NASDAQ, NYSE, or NYSE American but excluding OTCQX Market) (such date, the "Automatic Conversion Date").
- The number of shares of the Company's Class A Common Stock into which the Series D Preferred Stock shall be converted shall be determined by multiplying the number of shares of Series D Preferred Stock to be converted by the \$3.50 stated value, and then dividing that product by the Conversion Price. The Conversion Price shall be equal to the Variable Weighted Average Price ("VWAP") of the five Trading Days prior to the Automatic Conversion Date. "VWAP" shall be defined as the volume weighted average price of the Company's Class A Common Stock on the OTC Markets or other stock exchange or trading medium where such shares are traded as reported by Bloomberg, L.P. using the VWAP function. If for any reason, VWAP cannot be thus determined, "VWAP" shall mean the average closing or last sale prices over the five Trading Days prior to the Automatic Conversion Date of the Company's Class A Common Stock on the OTC Markets or such other exchange or trading medium.

Restrictions on Resales of Class A Common Stock - The sale of shares of the Company's Class A Common Stock issued at the time of conversion by any holder into the market or to any private purchaser shall be limited to not more than twenty-five percent (25%) of all conversion shares received by such holder at the time of the automatic conversion in any given 90-day period.

Company Redemption Rights - At any time on or prior to the Automatic Conversion Date, the Company shall have the right to redeem all (but not less than all) shares of the Series D Preferred Stock issued and outstanding at any time after the original issue date, upon three (3) business days' notice, at a redemption price per share of Series D Preferred Stock then issued and outstanding (the "Corporation Redemption Price"), equal to the stated value of \$3.50 per share.

Registration Rights - The shares issued on conversion of the Series D Preferred Stock have piggyback registration rights beginning on that date which his six months after the date on which the Company's Class A Common Stock trades on a national securities exchange, and are subject to standard underwriter holdback limitations.

During the year ended December 31, 2021, the Company issued 1,432,224 shares of Series D Preferred Stock in connection with the acquisition of assets of Vayu that were valued at \$6,653,309. The difference in stated value will be accreted over a 24-month period or upon conversion from Series D Preferred Stock to Class A Common stock. As of December 31, 2022 and 2021, 1,432,224 and 1,353,570, respectively, of these shares had been converted to Class A common stock. Prior to conversion the Company recognized accretion to interest income in the amount of \$0 and \$615,170 for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, 0 and 78,674 shares of Series D Preferred Stock were outstanding, respectively.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Note 6 – Stockholders' Equity

Preferred Stock

The Company is authorized to issue 5,000,000 shares of \$0.0001 par value preferred stock.

Series B Preferred Stock

The Company is authorized to issue 100 shares of Series B preferred stock. The Series B Preferred Stock has a \$1.00 stated value and does not accrue dividends. The Series B has the following voting rights:

- If at least one share of Series B Preferred Stock is issued and outstanding, then the total aggregate issued shares of Series B Preferred Stock at any given time, regardless of their number, shall have that number of votes (identical in every other respect to the voting rights of the holders of all classes of Common Stock or series of preferred stock entitled to vote at any regular or special meeting of stockholders) equal to two hundred percent (200%) of the total voting power of all holders of the Company's common and preferred stock then outstanding, but not including the Series B Preferred Stock.
- If more than one share of Series B Preferred Stock is issued and outstanding at any time, then each individual share of Series B Preferred Stock shall have the voting rights equal to: Two hundred percent (200%) of the total voting power of all holders of the Company's common and preferred stock then outstanding, but not including the Series B Preferred Stock divided by the number of shares of Series B Preferred Stock issued and outstanding at the time of voting.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), the Holders of the Series B Preferred Stock are entitled to receive out of the assets of the Company for each share of Series B Preferred Stock then held by the Holder an amount equal to the Stated Value, and all other amounts in respect thereof then due and payable before any distribution or payment shall be made to the holders of any Junior Securities.

The Series B Preferred Stock shall be convertible into shares of the Company's Class A Common Stock only as follows:

- In the event that the Holder of Series B Preferred Stock ceases to be a director of the Company, upon such director's resignation or removal from the board by any means, the shares of Series B Preferred Stock held by such resigning or removed director shall convert automatically into that same number of shares of Class A Common Stock (i.e. on a one-for-one share basis).
- Shares of Series B Preferred Stock converted into Class A Common Stock, canceled, or redeemed, shall be canceled and shall have the status of authorized but unissued shares of undesignated preferred stock.

As of December 31, 2022 and 2021, 5 and 5 shares of Series B Preferred Stock were outstanding and were issued to certain members of the Board of Directors for services rendered.

Common Stock

Pursuant to the Amended and Restated Certificate of Incorporation, the Company is authorized to issue three classes of common stock: Class A common stock, which has one vote per share, Class B common stock, which has ten votes per share and Class C common stock, which has five votes per share. Any holder of Class B common stock may convert his or her shares at any time into shares of Class A common stock on a share-for-share basis. Other than the voting rights, the Class A and Class B common stock are identical. Any holder of Class C common stock may convert 25% of his or her shares at any time after the 3rd to 6th anniversary into shares of Class A common stock on a share-for-share basis. Other than the voting rights the Class A and Class C common stock are identical.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

The Company had the following transactions in its common stock during the year ended December 31, 2022:

- In January 2022, the Company issued 72,152 shares of Class A common stock for no additional consideration upon conversion of 10,149 shares of Series C Preferred Stock and 78,674 of Series D Preferred Stock.
- In January 2022, the Company amended the Corporation's Amended and Restated Certificate of Incorporation increasing the authorized capital stock from 195,000,000 to 295,000,000.
- In March 2022, the Company issued 39,386 shares of Class A common stock for services with a value of \$99,252.
- In April 2022, the Company issued 171,850 shares of Class A common stock at a value of \$132,325 as employee compensation.
- During May and June 2022, the Company issued 76,119 shares of Class A common stock for cash of \$55,144 in connection with a registered at-the-market offering (the "ATM Offering").
- In July 2022, the Company sold 14,492,754 shares of Class A common stock and 14,492,754 warrants to certain investors, under a registered direct offering, for net proceeds of \$9,175,000. The warrants have an exercise price of \$0.69 per share and a term of 5 years.
- In July 2022, the Company issued 60,600 shares of Class A common stock for cash of \$42,318 in connection with its ATM offering.
- In August 2022, certain investors exercised 1,449,276 warrants at an exercise price of \$0.69, for net proceeds of \$1,000,000.
- In September 2022, certain shareholders converted 37,500 shares of Class C common stock for 37,500 shares of Class A common stock.
- In October 2022, certain shareholders converted 201,806 shares of Class C common stock for 201,806 shares of Class A common stock.
- In November 2022, certain shareholders converted 22,662 shares of Class C common stock for 22,662 shares of Class A common stock.

The Company had the following transactions in its common stock during the year ended December 31, 2021:

- On February 11, 2021, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain investors to purchase 8,333,333 shares of the Company's Class A common stock for aggregate gross proceeds of approximately \$50 million. A.G.P./Alliance Global Partners served as the placement agent and received a cash fee of 7% of the aggregate gross proceeds and warrants to purchase shares of the Company's Class A Common Stock equal to 5% of the number of shares sold in the offering with an exercise price of \$6.60 per share and are not exercisable until August 16, 2021. Net proceeds from the sale of shares amounted to approximately \$45 million.
- In February 2021, the Company issued 1,524,064 shares of Class A common stock to an investor for cash for total proceeds of approximately \$9.3 million.
- On March 17, 2021, the Company repurchased 45,000 shares of Class C common stock for \$185,850.
- On April 30, 2021, the Company issued 1,617,067 shares of Class A common stock for no additional consideration upon conversion of that number of shares of Class C common stock by the holder of the Class C common stock.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

- On May 5, 2021, the Company issued 281,223 shares of Class A common stock that were valued at \$1,102,394 in connection with the acquisition of TDI.
- On May 10, 2021, the Company issued 361,787 shares of Class A common stock that were valued at \$1,432,677 in connection with the acquisition of Alt Labs.
- On May 17, 2021, the Company issued 350,000 shares of Class A common stock for no additional consideration upon conversion of that number of shares of Class B common stock by the holder of the Class B common stock.
- On October 20, 2021, the Company issued 888,881 shares of Class A common stock that were valued at \$3,617,746 in connection with the acquisition of Identified Technology.
- On November 9, 2021, the Company issued 2,409,248 shares of Class A common stock for no additional consideration upon conversion of 1,704,137 shares of Series D Preferred Stock and 1,353,570 shares of Series C Preferred Stock.
- On November 15, 2021 the Company issued 125,000 shares of Class A common stock for no additional consideration upon conversion of that number of shares of Class B common stock by the holder of the Class B common stock .
- On November 26, 2021, the Company closed on a registered direct offering where it sold to certain investors a total of 8,571,430 shares of the Company's Class A common stock and 4,285,715 warrant to purchase shares of Class A common stock for net proceeds of \$22,189,152.
- On November 29, 2021, the Company issued 1,803,279 shares of Class A common stock that were valued at \$4,562,996 in connection with the ElecJet acquisition.
- On November 29, 2021, the Company granted 983,636 contingent shares of Class A common stock that were valued at \$2,488,599 in connection with the ElecJet acquisition. These contingent shares represent equity compensation for post-acquisition services and are accounted for under ASC 718. Of this amount, 655,758 of the contingent shares valued at \$1,659,063 are performance based and management determined the performance conditions were deemed not probable and as such, no expense was recognized for the years ended December 31, 2022 and 2021. The remaining 327,878 shares are a time-based award and is recognized based on the grant-date fair value of the shares of \$829,536 over the vesting period of 3-years. As such, the Company recognized \$0 and \$299,555 of stock based compensation expense related to this award for the years ended December 31, 2021 and 2022, respectively.
- On December 9, 2021, in connection with the acquisition of DTI Services Limited Liability Company, the Company issued 1,587,301 shares of its Class A Common Stock that were valued at \$3,682,539.
- On December 20, 2021, the Company issued 100,000 shares of Class A common stock in connection with the HWT legal proceedings.
- On December 29, 2021, the Company issued 99,018 shares of Class A common stock to management in connection with the acquisition of DTI Services Limited Liability Company.
- During the year ended December 31, 2021 , the Company issued 7,384,018 shares of Class A common stock for the conversion of total debt and accrued liabilities totaling \$1,886,898.

Stock Options

The Company has issued stock options to purchase shares of the Company's Class A common stock issued pursuant to the Company's 2016 Stock Option and Stock Award Plan (the "Plan"). The Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based awards on the date of grant and on each modification date.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

The following summarizes the stock option activity for the years ended December 31, 2022 and 2021:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2020	1,790,000	\$ 0.19	7.09	\$ 6,176,855
Granted	—			
Forfeited	—			
Exercised	—			
Outstanding at December 31, 2021	1,790,000	\$ 0.19	6.09	\$ 3,098,055
Granted	2,084,620	\$ 0.77		
Forfeited	(781,712)	\$ 0.32		
Exercised	—	\$ —		
Outstanding at December 31, 2022	3,092,908	\$ 0.55	7.94	\$ 463,494
Vested and expected to vest at December 31, 2022	3,092,909	\$ 0.55	7.94	\$ 463,494
Exercisable at December 31, 2022	1,084,500	\$ 0.14	5.37	\$ 463,494

The following table summarizes information about options outstanding and exercisable as of December 31, 2022:

Options Outstanding				Options Exercisable			
Exercise Price	Number of Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Exercise Price	Number of Shares	Weighted Average Exercise Price	
\$ 0.05	891,500	5.38	\$ 0.05	\$ 0.05	891,500	\$ 0.05	
0.10	85,000	5.28	0.10	0.10	85,000	0.10	
0.13	—	4.58	0.13	0.13	—	0.13	
0.77	2,008,409	9.33	0.77	0.77	—	0.77	
0.90	108,000	4.27	0.90	0.90	108,000	0.90	
	3,092,909				1,084,500		

During the years ended December 31, 2022 and 2021, stock option expense amounted to \$473,159 and \$36,538, respectively. Unrecognized stock option expense as of December 31, 2022 amounted to \$1,053,547, which will be recognized over a period extending through December 2023.

During the year ended December 31, 2022, the Company issued 2,084,620 options in connection with the Company's 2021 Employee Equity Incentive Plan (the "Plan"). The options have an exercise price of \$0.77, vest annually over a three year vesting period and expire on April 29, 2032.

The fair value of the 2,084,620 options issued in connection with the Plan is \$1,534,401, and was determined using the Black-Scholes option pricing model with the following assumptions:

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

Stock price	\$0.77
Risk-free interest rate	2.90%
Expected life of the options	6.25 years
Expected volatility	158%
Expected dividend yield	0%

Warrants

The following summarizes the warrant activity for the years ended December 31, 2022, and 2021:

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2020	275,000	\$ 1.01	0.23	\$ 723,250
Granted	5,527,778	3.32		
Forfeited	(275,000)	1.01		
Exercised	—	—		
Outstanding at December 31, 2021	5,527,778	\$ 3.32	4.62	\$ —
Granted	14,492,754	0.69		
Forfeited	—	—		
Exercised	(1,449,276)	0.69		
Outstanding at December 31, 2022	18,571,256	\$ 1.47	4.31	\$ —
Vested and expected to vest at December 31, 2022	18,571,256	\$ 1.47	4.31	\$ —
Exercisable at December 31, 2022	18,571,256	\$ 1.47	4.31	\$ —

The following table summarizes information about warrants outstanding and exercisable as of December 31, 2022:

Warrants Outstanding				Warrants Exercisable		
Exercise Price	Number of Shares	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	
\$ 6.60	416,667	2.13	\$ 6.60	416,667	\$ 6.60	
2.52	396,825	1.94	2.52	396,825	2.52	
3.10	4,285,715	3.9	3.10	4,285,715	3.1	
3.08	428,571	3.9	3.08	428,571	3.08	
0.69	13,043,478	4.6	0.69	13,043,478	0.69	
	18,571,256			18,571,256		

During the year ended December 31, 2021, the Company issued 416,667 warrants to a placement agent in connection with sale of its common stock. The warrants have an exercise price of \$6.60, were exercisable as of August 16, 2021 and expire on February 16, 2025. The Company issued another 428,571 warrants to a placement agent in connection with the sale of its common stock. The warrants have an exercise price of \$3.08, were exercisable as of May 26, 2021 and expire November 22, 2026. The Company issued another 396,825 warrants in connection to the RCA acquisition. The warrants have an exercise price of \$2.52, were exercisable as of December 9, 2021 and expire December 9, 2024. During July 2022,

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

the Company issued another 14,492,754 warrants to certain investors in connection with the sale of its common stock. The warrants have an exercise price of 0.69, were exercisable as of July 13, 2022, and expire July 13, 2027.

The fair value of the 416,667, 428,571, and the 396,825 warrants issued to the placement agent in connection with a registered direct offering, and to the RCA sellers in connection with the DTI/RCA acquisition (discussed below in Note 7) during the year ended December 31, 2021, are \$2,498,637, \$902,414, and \$668,863 respectively and was determined using the Black-Scholes option pricing model. The fair value of the 14,492,754 warrants issued to the placement agent during the year ended December 31, 2022, are \$7,083,038, and was determined using the Black-Scholes option pricing model. All of these warrants were determined using the following assumptions:

Stock price	\$0.62 - 7.03
Risk-free interest rate	0.01 - 1.02%
Expected life of the options	1.5-5 years
Expected volatility	157-347%
Expected dividend yield	0%

Note 7 – Business Combinations

For the various acquisitions noted below that occurred during the year ended December 31, 2021, there were minimal amounts of transaction costs incurred by the Company ranging from \$0-\$40,000 that are deemed immaterial. Any transactions costs associated with each acquisition below was expensed as incurred, and are recorded within General & Administrative expenses on the Consolidated Statements of Operations.

Vayu (US).

Effective February 8, 2021, the Company purchased Vayu Inc to add to its A4 Aerospace services portfolio of companies. The purchase agreement provides for the Company to purchase all the outstanding shares of Vayu and its assets. Under the provision of *ASC 805 Business Combinations*, the Company determined that the acquisition of Vayu was an asset acquisition as more than 95% was concentrated in a single asset or a group of assets in Intellectual Property. As such, the Company accounted for this acquisition as an asset acquisition in accordance with ASC 805-10-20. Accordingly, the assets acquired are initially recognized at the consideration paid, which was the fair value of the Series D preferred stock issued, including direct acquisition costs. The cost is allocated to the group of assets acquired based on their relative fair values. The assets acquired and liabilities assumed were as follows at the acquisition date:

	Purchase Allocation
Cash	\$ 81,442
Property and equipment	56,011
Intellectual property	8,406,743
Non-compete agreement	100,819
Deferred tax liability	(1,362,667)
Accrued expenses and other current liabilities	(564,039)
SBA loan (PPP funds)	(65,000)
	<u>\$ 6,653,309</u>

The purchase price was paid as follows:

Series D Preferred Stock (1,432,244 shares)	\$ 6,653,309
	<u>\$ 6,653,309</u>

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

TDI

On May 5 2021, the Company purchased Thermal Dynamics, Inc, (“TDI”), to add to its A4 Defense services portfolio of companies. Under the provision of *ASC 805 Business Combinations*, the acquisition is considered an acquisition of a business since the Company is acquiring the outstanding capital of TDI and continuing the business of TDI with defined inputs and substantive processes that contribute to the ability to create outputs. A summary of the finalized purchase price allocation at fair value is presented below:

	Purchase Allocation
Accounts receivable	\$ 1,408,682
Property and equipment	111,789
Customer list	3,840,000
Non-compete agreement	120,000
Goodwill	6,426,786
Other asset	91,000
Accounts payable	(786,151)
Accrued expenses and other current liabilities	(53,857)
Contract liabilities	(3,637,122)
Notes payable	(64,733)
	<u>\$ 7,456,394</u>

The purchase price was paid as follows:

Class A Common Stock (281,223 shares)	\$ 1,102,394
Cash	6,354,000
	<u>\$ 7,456,394</u>

Alt Labs

On May 10, 2021, the Company closed on the acquisition of Alternative Laboratories, LLC (Alt Labs) to add to its A4 Manufacturing services portfolio. Under the provision of *ASC 805 Business Combinations*, the acquisition is considered an acquisition of a business since the Company is acquiring the outstanding capital of Alt Labs and continuing the business of Alt Labs with defined inputs and substantive processes that contribute to the ability to create outputs. A summary of the finalized purchase price allocation at fair value is presented below:

[Table of Contents](#)**ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

	Purchase Allocation
Accounts receivable	\$ 397,441
Inventory	2,621,653
Property and equipment	1,739,441
Customer list	1,250,000
Proprietary technology	3,670,000
Non-compete agreement	20,000
Goodwill	4,410,564
Other assets	390,502
Accounts payable	(397,441)
Accrued expenses and other current liabilities	(411,830)
Contract liabilities	(1,754,290)
Notes payable	(33,363)
	<u>\$ 11,902,677</u>

The purchase price was paid as follows:

Class A Common Stock (361,847 shares)	\$ 1,432,677
Cash	10,470,000
	<u>\$ 11,902,677</u>

On May 4, 2021, the Company also entered into an agreement to acquire the 100% membership interest in 4740 Cleveland LLC (“Cleveland”), a Florida limited liability company that is the owner of the building currently being leased by Alt Labs, for a total purchase price of \$7,000,000. The Company closed on the purchase of the building in August 2021.

Identified Technologies

On October 20, 2021, the Company entered into a Stock Purchase Agreement with Identified Technologies Corporation (IDT) to add to its A4 Aerospace services portfolio of companies. Under the provision of *ASC 805 Business Combinations*, the acquisition is considered an acquisition of a business since the Company is acquiring the outstanding capital of IDT and continuing the business of IDT with defined inputs and substantive processes that contribute to the ability to create outputs. A summary of the finalized purchase price allocation at fair value is presented below:

	Purchase Allocation
Accounts receivable	\$ 90,858
Other asset	27,469
Proprietary technology	1,650,000
Tradename	210,000
Goodwill	1,913,310
Non-compete agreement	90,000
Accrued expenses and other current liabilities	(363,856)
	<u>\$ 3,617,781</u>

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

The purchase price was paid as follows:

Cash	\$	35
Class A Common Stock (888,881 shares)		3,617,746
	\$	<u>3,617,781</u>

ElecJet

On November 29, 2021, the Company acquired ElecJet Corp (ElecJet) to add to its A4 Technology portfolio of companies. Under the provision of *ASC 805 Business Combinations*, the acquisition is considered an acquisition of a business since the Company is acquiring the outstanding capital of Elecjet and continuing the business of ElecJet with defined inputs and substantive processes that contribute to the ability to create outputs. As part of the acquisition there was a contingent royalty agreement based on potential future graphene batteries. More detail of this agreement can be found in Note 11. It was determined that this contingent agreement had a FMV of \$0 at the date of acquisition. A summary of the finalized purchase price allocation at fair value is presented below:

	Purchase Allocation
Cash	\$ 27,466
Accounts receivable	30,000
Inventory	95,000
Proprietary technology	5,890,000
Non-compete agreement	200,000
Goodwill	6,496,343
Deferred tax liability	(1,562,074)
Accrued expenses and other current liabilities	(113,742)
	<u>\$ 11,062,993</u>

The purchase price was paid as follows:

Cash	\$	6,500,000
Class A Common Stock (1,803,279)		4,562,993
	\$	<u>11,062,993</u>

DTI Services (doing business as RCA Commercial Electronics)

On December 13, 2021, the Company purchased DTI Services (RCA), to add to its technology portfolio of companies. Under the provision of *ASC 805 Business Combinations*, the acquisition is considered an acquisition of a business since the Company is acquiring the outstanding capital of RCA and continuing the business of RCA with defined inputs and

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

substantive processes that contribute to the ability to create outputs. A summary of the finalized purchase price allocation at fair value is presented below:

	Purchase Allocation
Accounts receivable	\$ 3,409,230
Other current assets	1,259,556
Inventory	12,477,872
Property and equipment	761,370
Customer list	6,300,000
Trademark	620,000
Non-compete agreement	690,000
Goodwill	1,355,728
ROU asset	1,196,764
Accounts payable	(951,302)
Accrued expenses and other current liabilities	(677,720)
Customer deposits	(153,201)
Operating lease liability	(1,226,128)
Line of credit	(4,710,768)
	<u>\$ 20,351,401</u>

The purchase price was paid as follows:

Cash	\$ 14,000,000
Class A Common Stock (1,587,301 shares)	3,682,538
Warrants (396,825 shares)	668,863
Seller notes	2,000,000
	<u>\$ 20,351,401</u>

For tax purposes, the Goodwill associated with the business combinations of TDI, Alt Labs, and RCA described above will be deductible under IRC section 197 as the transactions were treated as an asset purchase. The Goodwill associated with the business combinations of Identified Technology and ElecJet described above is not deductible for tax purposes.

The following are the unaudited pro forma results of operations for the years ended December 31, 2022 and 2021, as if Excel, IA, Vayu, TDI, Alt Labs, Identified Technology, ElecJet, and RCA had been acquired on January 1, 2021. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

do include any anticipated cost savings or other effects of the planned integration of these entities, and are not necessarily indicative of the results that would have occurred if the business combination had been in effect on the dates indicated.

	Pro Forma Combined Financials (unaudited)	
	Years Ended December 31,	
	2022	2021
Sales	\$ 104,563,002	\$ 98,321,144
Cost of goods sold	82,848,600	75,523,745
Gross profit	21,714,402	22,797,399
Operating expenses	32,470,186	38,643,670
Loss from operations	(10,755,784)	(15,846,271)
Net loss from continuing operations	(12,875,313)	(12,144,338)
Loss per share	(0.07)	(0.06)

Note 8 – Equity Investments

AmplifeiIntl LLC

On September 15, 2021, A4 Manufacturing, Inc. entered into a Membership Interest Purchase Agreement acquiring approximately a 9% membership interest in AmplifeiIntl LLC (also doing business as Happinss) (“Amplifei”). The membership interest is non-voting and the Company does not have the ability to exercise significant influence over operating and financial activities. The equity investment is being valued using cost as there is no market for the membership units, and accordingly, no quoted market price is available. The investment is tested for impairment, at least annually, and more frequently upon the occurrences of certain events. As of December 31, 2021, the Company determined there was an impairment on this investment and recognized a loss on impairment for the entire value of \$1,350,000.

The membership interest was paid for as follows:

Accounts receivable owed from Amplifei	\$ 1,000,000
Cash	350,000
Total	<u>\$ 1,350,000</u>

Note 9 – Income Taxes

The components of the Company's income tax provision are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Current expense (benefit)		
Federal	\$ —	\$ —
State	139,020	—
	<u>139,020</u>	<u>—</u>
Deferred benefit		
Federal	\$ (650,283)	\$ (1,616,916)
State	(222,731)	(326,825)
	<u>(873,014)</u>	<u>(1,943,741)</u>
Provision for income tax benefit	<u>\$ (733,994)</u>	<u>\$ (1,943,741)</u>

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

A reconciliation of the provision for income taxes with the expected provision for income taxes computed by applying the federal statutory income tax rate of 21% to the net loss before provision for income taxes is as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Amount	Percentage	Amount	Percentage
Pre-tax book loss	\$ (13,609,307)		\$ (21,426,879)	
Federal income tax at statutory rate	(2,857,954)	21.0 %	(4,499,644)	21.0 %
State income tax benefit	(530,084)	3.9 %	(163,677)	0.8 %
Change in valuation allowance	2,760,687	(20.3)%	3,559,163	(16.6)%
Permanent items	21,281	(0.2)%	(839,583)	3.9 %
Other	(127,924)	1.4 %	—	— %
Provision for income tax benefit	<u>\$ (733,994)</u>	5.4 %	<u>\$ (1,943,741)</u>	9.1 %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Deferred tax asset:		
Accrued expenses and other	\$ 696,419	\$ 347,645
Lease Liability	8,176,101	—
Loss carryforwards	14,295,781	13,124,197
Stock based compensation	211,499	90,293
Research and experimental expenditures	202,199	—
Inventory	625,937	—
Interest	634,445	615,260
Total deferred tax asset	24,842,381	14,177,395
Valuation allowance	(13,492,773)	(9,887,550)
Net deferred tax assets	11,349,608	4,289,845
Deferred tax liabilities:		
Fixed assets	(3,266,395)	(365,922)
Intangible assets and goodwill	(4,865,970)	(5,785,088)
ROU asset	(4,205,393)	—
Total deferred tax liabilities	(12,337,758)	(6,151,010)
Net non-current deferred tax liability	<u>\$ (988,150)</u>	<u>\$ (1,861,165)</u>

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the lack of sustained profitability in recent years. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth.

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**For the Years Ended December 31, 2022 and 2021**

On the basis of this evaluation, as of December 31, 2022 and 2021, a valuation allowance of \$13.5 million and \$9.9 million, respectively, has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted based on changes in objective and subjective evidence in future years. If and when the Company determines the valuation allowance should be released (i.e., reduced), the adjustment would result in a tax benefit reported in that period's consolidated statement of operations, the effect of which would be an increase in reported net income. The amount of any such tax benefit associated with release of the Company's valuation allowance in a particular reporting period may be material.

The Company has gross federal and state net operating loss carryforwards of \$71.0 million and \$20.1 million, respectively, at December 31, 2022. At December 31, 2022, the Company has approximately \$11.3 million of federal net operating losses available to offset future taxable income for 20 years and will begin to expire in 2036. The remaining \$59.7 million of federal net operating losses are carried forward indefinitely to offset future taxable income up to an 80% limitation of taxable income in the year of use. The state net operating losses begin to expire in 2024. The Company has a gross interest limitation carryforward of \$2.5 million under Section 163(j) for federal tax purposes at December 31, 2022. The Section 163(j) interest may be carried forward indefinitely.

The future tax benefits from NOLs and built-in losses would be materially reduced or potentially eliminated if we experience an "ownership change" as defined under IRC §382. The Company has identified ownership shifts on August 23, 2014, April 29, 2015, February 4, 2016 and July 1, 2019, which immaterially impacted the Company. The Company does not believe an ownership change has occurred in the current year.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, Alpine 4 Holdings and Subsidiaries are no longer subject to federal or state examinations by taxing authorities for tax years before 2019 and 2018, respectively.

Significant judgment is required in evaluating the Company's uncertain tax positions and determining its provision for income taxes. Although the Company believes that it has appropriately reserved for its uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different than expectations. The Company will adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit, the refinement of an estimate, the closing of a statutory audit period or changes in applicable tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences would impact the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to the reserves that are considered appropriate, as well as related net interest.

The Company's policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties at December 31, 2022 or 2021, and has not recognized interest or penalties during the years ended December 31, 2022 and 2021 since there was no reduction of income taxes paid due to uncertain tax positions.

The following table summarizes the activity related to the Company's gross unrecognized tax liabilities:

	December 31, 2022	December 31, 2021
Unrecognized tax liabilities, beginning of the year	\$ 1,169,028	\$ —
Increase related to current year tax positions	480,911	1,169,028
Unrecognized tax liabilities, end of year	<u>\$ 1,649,939</u>	<u>\$ 1,169,028</u>

Included in the balance of unrecognized tax liabilities as of December 31, 2022 are \$0.6 million of tax liabilities that, if recognized, would affect the ETR. Also included in the balance of unrecognized tax liabilities as of December 31, 2022 are \$1.0 million of tax liabilities that, if recognized, would result in adjustments to other tax accounts, primarily deferred taxes.

Note 10 – Industry Segments

The Company discloses segment information that is consistent with the way in which management operates and views its business. Effective during the quarter ended September 30, 2022, the Company increased its reportable segments to eight

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

segments. All segments and the subsidiaries within each segment are geographically located in North America. The financial results are logical to review in this manner for comparison, trend, deviations, etc. purposes.

Management excludes the following when reviewing the profit/loss by segment.

- Intercompany Sales/COGS
- Management fees to the parent Company
- Income tax benefit/expense

There has not been any change to the measurement method in how management reviews the profit/loss by segment.

The reporting segments and their business activity are as follows:

A4 Construction Services Morris Sheet Metal (“MSM”) provides commercial construction services primarily as a sheet metal contractor.

A4 Construction Services Excel Construction (“Excel”) provides commercial construction services primarily as a sheet metal contractor.

A4 Manufacturing Quality Circuit Assembly (QCA) is a contract manufacturer within the technology industry.

A4 Manufacturing Alternative Labs (“Alt Labs”) is a contract manufacturer within the dietary & nutraceutical supplements industry.

A4 Defense Thermal Dynamics does contracting for the US Government particularly for the US Defense Department and US Department of State.

A4 Technologies RCA Commercial Electronics (“RCA”) is a B2B commercial electronics manufacturer.

A4 Technologies ElecJet is a battery research & development company.

A4 Aerospace Vayu is a drone aircraft manufacturer.

A4 All Other includes the QCA-Central, Identified Technologies and Corporate operating segments.

The Company’s reportable segments for the years ended December 31, 2022 and 2021:

	Years Ended December 31,	
	2022	2021
Revenue		
A4 Construction Services - MSM	\$ 18,290,019	\$ 16,191,284
A4 Construction Services - Excel	1,761,572	1,803,739
A4 Manufacturing - QCA	16,763,989	14,258,084
A4 Manufacturing - Alt Labs	12,889,992	11,674,220
A4 Defense - TDI	10,046,658	4,467,376
A4 Technologies - RCA	40,092,612	1,454,451
A4 Technologies - ElecJet	1,098,534	89,018
A4 Aerospace - Vayu	81,100	—
All Other	3,538,526	1,702,641
	<u>\$ 104,563,002</u>	<u>\$ 51,640,813</u>
Gross profit		
A4 Construction Services - MSM	\$ 1,374,517	\$ (385,266)
A4 Construction Services - Excel	3,681	(92,765)
A4 Manufacturing - QCA	3,258,082	2,763,213

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

A4 Manufacturing - Alt Labs	2,343,368	3,749,878
A4 Defense - TDI	3,082,844	1,073,636
A4 Technologies - RCA	10,687,202	379,740
A4 Technologies - ElecJet	(236,636)	76,818
A4 Aerospace - Vayu	13,087	—
All Other	1,188,257	132,744
	<u>\$ 21,714,402</u>	<u>\$ 7,697,998</u>
Income (loss) from operations		
A4 Construction Services - MSM	\$ (883,922)	\$ (4,247,240)
A4 Construction Services - Excel	(973,934)	(1,969,535)
A4 Manufacturing - QCA	702,875	1,426,141
A4 Manufacturing - Alt Labs	2,284,308	(3,027,203)
A4 Defense - TDI	1,072,306	(282,882)
A4 Technologies - RCA	2,525,619	(100,328)
A4 Technologies - ElecJet	(1,107,254)	(62,163)
A4 Aerospace - Vayu	(3,336,279)	(4,875,829)
All Other	(11,039,503)	(8,983,320)
	<u>\$ (10,755,784)</u>	<u>\$ (22,122,359)</u>
Depreciation and amortization		
A4 Construction Services - MSM	\$ 684,563	\$ 846,808
A4 Construction Services - Excel	267,966	291,556
A4 Manufacturing - QCA	417,172	377,868
A4 Manufacturing - Alt Labs	983,931	611,079
A4 Defense - TDI	288,950	191,740
A4 Technologies - RCA	979,206	49,299
A4 Technologies - ElecJet	414,333	33,833
A4 Aerospace - Vayu	1,025,412	1,093,995
All Other	1,113,005	658,181
	<u>\$ 6,174,538</u>	<u>\$ 4,154,359</u>
Interest Expenses		
A4 Construction Services - MSM	\$ 421,287	\$ 706,607
A4 Construction Services - Excel	245,855	291,263
A4 Manufacturing - QCA	262,551	230,044
A4 Manufacturing - Alt Labs	351,503	72,060
A4 Defense - TDI	11,975	825
A4 Technologies - RCA	159,878	15,347
A4 Technologies - ElecJet	—	—
A4 Aerospace - Vayu	10,677	9
All Other	1,660,406	1,973,078
	<u>\$ 3,124,132</u>	<u>\$ 3,289,233</u>
Net income (loss)		
A4 Construction Services - MSM	\$ (1,246,295)	\$ (1,481,382)
A4 Construction Services - Excel	(1,219,789)	(1,899,512)

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTSFor the Years Ended December 31, 2022 and 2021

A4 Manufacturing - QCA	367,760	1,774,139
A4 Manufacturing - Alt Labs	2,054,958	(2,643,752)
A4 Defense - TDI	1,060,331	(270,289)
A4 Technologies - RCA	2,365,741	(115,675)
A4 Technologies - ElecJet	(1,110,727)	(62,163)
A4 Aerospace - Vayu	(3,346,956)	(4,852,182)
All Other	(11,800,336)	(9,932,322)
	<u>\$ (12,875,313)</u>	<u>\$ (19,483,138)</u>

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

	As of December 31, 2022	As of December 31, 2021
Total Assets		
A4 Construction Services - MSM	\$ 11,309,049	\$ 10,935,355
A4 Construction Services - Excel	3,359,818	3,050,206
A4 Manufacturing - QCA	20,988,492	11,869,711
A4 Manufacturing - Alt Labs	26,636,905	23,173,298
A4 Defense - TDI	13,497,381	11,982,580
A4 Technologies - RCA	27,191,977	28,174,091
A4 Technologies - ElecJet	12,897,440	12,904,267
A4 Aerospace - Vayu	14,632,530	14,702,838
All Other	\$ 15,118,622	\$ 17,831,504
	<u>\$ 145,632,214</u>	<u>\$ 134,623,850</u>
Goodwill		
A4 Construction Services - MSM	\$ 113,592	\$ 113,592
A4 Construction Services - Excel	—	—
A4 Manufacturing - QCA	1,963,761	1,963,761
A4 Manufacturing - Alt Labs	4,410,564	4,410,564
A4 Defense - TDI	6,426,786	6,426,786
A4 Technologies - RCA	1,355,728	1,355,728
A4 Technologies - ElecJet	6,496,343	6,496,343
A4 Aerospace - Vayu	—	—
All Other	1,913,310	1,913,310
	<u>\$ 22,680,084</u>	<u>\$ 22,680,084</u>
Accounts receivable, net		
A4 Construction Services - MSM	\$ 5,188,521	\$ 3,906,271
A4 Construction Services - Excel	288,243	286,972
A4 Manufacturing - QCA	3,867,141	2,339,597
A4 Manufacturing - Alt Labs	1,833,502	406,333
A4 Defense - TDI	1,905,314	1,371,184
A4 Technologies - RCA	3,232,559	2,961,201
A4 Technologies - ElecJet	12,888	37,744
A4 Aerospace - Vayu	—	—
All Other	811,776	565,874
	<u>\$ 17,139,944</u>	<u>\$ 11,875,176</u>

Note 11 - Commitments and Contingencies

Licensing Agreement

DTI has entered into licensing agreements with RCA Trademark Management for the licensing rights to the respective trademarks in the United States of America and Canada.

The RCA licensing agreement was amended with Technicolor, S.A., as licensor, and expires December 31, 2024. DTI agrees to pay a royalty fee of 2.50% on net sales of the licensed products with a minimum annual payment of \$420,000 for

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**For the Years Ended December 31, 2022 and 2021**

the years ended 2020 and 2021, \$440,000 for the year ended 2022, \$460,000 for the year ended 2023, and \$480,000 for the year ended 2024.

Warranty Service Agreement

DTI entered into a warranty service agreement to provide certain warranty services for a lighting supplier through December 31, 2024, except for one class of customer through 2030. In exchange for these services DTI receives annual payments as follows:

Years Ending December 31,		
2023	\$	66,626
2024		59,964
Total	\$	126,590

Royalty Agreement

On November 28, 2021, the Company entered into a Royalty Agreement with the sellers of ElecJet. Upon closing the Company desires to build its initial factory ("Factory") to manufacture graphene batteries in the territory of the United States. The Company agrees to pay the sellers 1.5% of net sales for batteries produced by the Factory. Royalty payments shall continue to be paid for a period of ten years from the starting date, or until the total of the royalty payments equals \$50 million, whichever occurs first.

Legal Proceedings

From time to time, the Company may become involved in lawsuits and other legal proceedings that arise in the course of business. Litigation is subject to inherent uncertainties, and it is not possible to predict the outcome of litigation with total confidence. As of the date of this Report, the Company was not aware of any legal proceedings or potential claims against it whose outcome would be likely, individually or in the aggregate, to have a material adverse effect on the Company's business, financial condition, operating results, or cash flows.

In August 2020, in a matter relating to the Company's subsidiary Horizon Well Testing, LLC ("Horizon"), the Company filed a lawsuit in the United States District Court, District of Arizona (Case No.2:20-cv-01679-DJH), against Alan Martin, the seller of Horizon dba Venture West Energy Services, LLC ("VWES"). The Company brought suit in 2020 seeking to avoid the claimed liability due from the Company to Alan Martin, for the Company's 2017 purchase of Mr. Martin's business, Horizon. On summary judgment, the court found that the Company's claim was barred by a time-limiting clause for indemnification claims. The Company disagrees with the court's ruling and intends to appeal. Before the Company can file its appeal of the summary judgment order, the court must resolve Mr. Martin's counterclaim in which Mr. Martin claims that Mr. Martin remains unpaid on the promissory note, as modified, under which the Company purchased the Horizon. The note balance is alleged to have a principal sum due of \$3.3 million, plus interest at 8% accruing from 2019 to present, plus late fees accruing at \$575 per day (Note 4). The Company continues to dispute the amount claimed due. As well, the Company's legal position remains that the indebtedness should be discharged due to material misrepresentations by Mr. Martin in the original transaction.

In August 2021, in a matter relating to the Company's subsidiary Horizon Well Testing, LLC ("Horizon"), Rob Porter filed a lawsuit in the District Court of Oklahoma County, State of Oklahoma (CJ-2021-3421), alleging unjust enrichment and breach of contract with respect to shares of Company that Mr. Porter claims was owed under his employment contract with the Company as President of Horizon. In October 2021, the Company filed its answer denying such claims. In October 2021, the Company also filed counterclaims against Mr. Porter for conversion and breach of fiduciary duties. The Company believes this is a frivolous lawsuit and as such, no accrual has been recorded as of December 31, 2022 and 2021. As of the date of this Report, a pre-trial scheduling conference is scheduled for June 21, 2023, and the Company is participating in discovery.

In October 2021, in a matter relating to the Company's subsidiary Horizon Well Testing, LLC ("Horizon"), the Company received three complaints in the District Court of Oklahoma Country State of Oklahoma from former VWES employees Bruce Morse (CJ-2021-4316), Brian Hobbs (CJ-2021-4315), Thomas Karraker (CJ-2021-4314) for unjust enrichment, and

ALPINE 4 HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

breach of contract with respect to their employment contracts with Horizon. On January 19, 2022, the Company filed answers to all three lawsuits that denied these claims. The Company believes these are frivolous lawsuits. In July 2022, the Company and Mr. Morse settled his claims against the Company. The settlement included the cash payment of \$24,375 for Mr. Morse's claimed 37,500 shares of Class A Common stock, and subsequently Mr. Morse's case has been dismissed. Subsequently, Mr. Hobbs and Mr. Karraker have also expressed interest in settling claims on similar terms, and negotiations are ongoing as of the date of this Report. As no formal settlement offer has been extended, no accrual has been recorded as of December 31, 2022 and 2021.

In November 2022, the Company received a complaint filed by Mr. Mark Bell in the district court of Idaho (CV42-22-4066) with regard to the Company's February 2020 purchase of Excel Fabrication LLC ("Excel") from Mr. Bell, over the Company's refusal to continue paying on a \$2,300,000 note comprising part of the purchase consideration (Note 4). In December 2022 the Company counter-sued Mr. Bell for breach of contract, fraud, and misrepresentation in the February 2020 sale of Excel to the Company. The case is set for trial in June of 2024.

In December 2022, the Company's subsidiary Excel Fabrication LLC ("Excel") received a demand for binding arbitration (AAA Case No. 01-22-0004-9935) by Starr Corporation of Idaho, a contractor for whom Excel Fabrication LLC was performing as sub-contractor and who stopped its work for Starr Corporation pursuant to its claimed contract right of termination due to failure of Starr Corporation to make payment within the contracted period for payment for work satisfactorily performed. Starr Corporation claims that Excel's termination was wrongful, and seeks approximately \$500,000, reflecting its costs in having to complete work that was called for under the contract. Excel is seeking a determination that its termination was rightful under the terms of the contract between the parties, and in addition seeks payment on its unpaid billing submittals and additional costs. Arbitration hearings are scheduled to commence in April 2024.

Note 12 – Subsequent Events

In January 2023, the Company made a \$250,000 investment for a 10% equity interest in a battery materials company, which includes a seat on its board, and participation rights in future funding rounds.

In February 2023, the Company learned that a complaint the State of New York brought against Vayu in 2019 (prior to the Company's ownership of Vayu) seeking a refund for two returned airframes, a case which had originally been dismissed for lack of jurisdiction, had become revived by virtue of New York's highest court ruling (State of New York v Vayu, APL-2021-00148) that the State's long arm statute applied to the 2016 transaction between Vayu and the State University of New York at Stonybrook. Total damages sought by the State of New York are less than \$100,000, including interest and costs. The company is currently considering its options for reaching a settlement with the State of New York, and for the possibility of seeking redress from the previous owners of Vayu.

In April 2023, a certain investor converted 1.3 million shares of Class B common stock and 1 share of Class B preferred stock for 1,300,001 shares of Class A common stock.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Impossible Aerospace Merger Agreement dated November 13, 2020 (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed November 17, 2020).
2.2	Vayu (US) Merger Agreement dated December 29, 2020 (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed January 4, 2021).
2.3	ElecJet Merger Agreement, dated November 29, 2021 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on December 3, 2021)
3.1	Certificate of Incorporation of Alpine 4 Automotive Technologies Ltd. (incorporated by reference to Exhibit 3.1 to Alpine 4's Registration Statement on Form 10, filed May 8, 2014).
3.2	Certificate of Amendment to Certificate of Incorporation, dated June 27, 2014 (incorporated by reference to Exhibit 3.3 to Alpine 4's Current Report on Form 8-K filed July 18, 2014).
3.3	Certificate of Amendment to Certificate of Incorporation, dated June 30, 2014 (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed July 18, 2014).
3.4	Second Amended and Restated Certificate of Incorporation, dated August 24, 2015 (incorporated by reference to Exhibit 3.1 to Alpine 4's Current Report on Form 8-K filed August 27, 2015)
3.5	Certificate of Amendment of Amended and Restated Certificate of Incorporation, dated December 15, 2017
3.6	By-Laws of Alpine 4 (incorporated by reference to Exhibit 3.2 to Alpine 4's Registration Statement on Form 10, filed May 8, 2014).
3.7	Series C Preferred Stock Certificate of Designation (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed November 17, 2020).
3.8	Series D Preferred Stock Certificate of Designation (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed January 4, 2021).
3.9	Certificate of Amendment to Certificate of Incorporation (Name Change) filed February 5, 2021 (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed February 8, 2021).
4.1	Form of Placement Agent Warrant (incorporated by reference to Exhibit 3.4 to Alpine 4's Current Report on Form 8-K filed February 12, 2021).
4.2	Form of Investor Warrant (incorporated by reference to Exhibit 4.1 to Alpine 4's Current Report on Form 8-K filed November 24, 2021).
4.3	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.2 to Alpine 4's Current Report on Form 8-K filed November 24, 2021).
10.1	Purchase Agreement, dated effective January 16, 2020, by and between Alpine 4 Technologies Ltd. and Lincoln Park Capital Fund, LLC (incorporated by reference to the Company's Current Report filed with the SEC on January 23, 2020)
10.2	Registration Rights Agreement, dated effective January 16, 2020, by and between Alpine 4 Technologies Ltd. and Lincoln Park Capital Fund, LLC (incorporated by reference to the Company's Current Report filed with the SEC on January 23, 2020)
10.3	FPCD Note - \$350,000 (incorporated by reference to the Company's Current Report filed with the SEC on November 25, 2019)

10.4	FPCD Note - \$600,000 (incorporated by reference to the Company's Current Report filed with the SEC on November 25, 2019)
10.5	Note Amendment – #1 (incorporated by reference to the Company's Current Report filed with the SEC on November 25, 2019)
10.6	Note Amendment - # 2 (incorporated by reference to the Company's Current Report filed with the SEC on November 25, 2019)
10.7	FPCD Note - \$137,870.48 (incorporated by reference to the Company's Current Report filed with the SEC on November 25, 2019)
10.8	Note Amendment - \$180,000 (incorporated by reference to the Company's Current Report filed with the SEC on November 25, 2019)
10.9	APF Securities Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on April 9, 2018)
10.10	Secured Promissory Notes (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on April 9, 2018)
10.11	Secured Convertible Notes (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on April 9, 2018)
10.12	Security Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on April 9, 2018)
10.13	Consulting Services Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on April 9, 2018)
10.14	Purchase Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on February 24, 2020)
10.15	Secured Promissory Note - \$2,300,000 (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on February 24, 2020)
10.16	Security Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on February 24, 2020)
10.17	Amendment to Purchase Agreement (incorporated by reference to the Company's Current Report on Form 8-K filed with the Commission on February 24, 2020)
10.18	Impossible Aerospace Consultant Agreement dated November 13, 2020 (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed November 17, 2020).
10.19	RSU Agreement dated November 13, 2020 (incorporated by reference to Exhibit 10.2 to Alpine 4's Current Report on Form 8-K filed November 17, 2020).
10.20	Vayu (US) Employment Agreement dated December 29, 2020 (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed January 4, 2021).
10.21	RSU Agreement dated December 29, 2020 (incorporated by reference to Exhibit 10.2 to Alpine 4's Current Report on Form 8-K filed January 4, 2021).
10.22	Form of Securities Purchase Agreement (AGP Transaction) (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed February 12, 2021).
10.23	Form of Placement Agent Agreement (incorporated by reference to Exhibit 10.2 to Alpine 4's Current Report on Form 8-K filed February 12, 2021).

10.24	Class A Common Stock Sales Agreement, dated March 8, 2022, between the Company and A.G.P. (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed March 9, 2022)
10.25	Membership Interest Purchase Agreement for DTI Transaction, dated December 9, 2021 (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed December 15, 2021)
10.26	Placement Agent Agreement between the Company and A.G.P., dated November 22, 2021 (incorporated by reference to Exhibit 10.2 to Alpine 4's Current Report on Form 8-K filed November 24, 2021)
10.27	Securities Purchase Agreement between the Company and the Purchasers named therein, dated as of November 22, 2021 (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed November 24, 2021)
10.28	Membership Interest Purchase Agreement for Alt Labs Transaction, dated May 4, 2021 (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed May 10, 2021)
10.29	Membership Interest Purchase Agreement for RCA Transaction (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed December 15, 2021)
10.30	Class A Common Stock Sales Agreement (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed March 9, 2022)
10.31	Unmanned Aerial Vehicles Supply Agreement (incorporated by reference to Exhibit 10.1 to Alpine 4's Current Report on Form 8-K filed October 28, 2022)
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1	<u>Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2	<u>Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101 INS	XBRL Instance Document*
101 SCH	XBRL Schema Document*
101 CAL	XBRL Calculation Linkbase Document*
101 DEF	XBRL Definition Linkbase Document*
101 LAB	XBRL Labels Linkbase Document*
101 PRE	XBRL Presentation Linkbase Document*

*The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

Pursuant to the requirements of section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALPINE 4 HOLDINGS, INC.

Date: May 5, 2023	By: <u>/s/ Kent B. Wilson</u>
	Name: Kent B. Wilson
	Title: Chief Executive Officer (Principal Executive Officer), President, and Director
Date: May 5, 2023	By: <u>/s/ SaVonnah Osmanski</u>
	Name: SaVonnah Osmanski
	Title: Interim Chief Financial Officer (Interim Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>/s/ Kent B. Wilson</u> Kent B. Wilson	Chief Executive Officer, President, Director	May 5, 2023
<u>/s/ Andy Call</u> Andy Call	Director	May 5, 2023
<u>/s/ Ian Kantrowitz</u> Ian Kantrowitz	Director	May 5, 2023
<u>/s/ Gerry Garcia</u> Gerry Garcia	Chairwoman of the Board	May 5, 2023
<u>/s/ Edmond Lew</u> Edmond Lew	Director	May 5, 2023
<u>/s/ Christophe Jeunot</u> Christophe Jeunot	Director	May 5, 2023
<u>/s/ Jonathan Withem</u> Jonathan Withem	Director	May 5, 2023