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

FORM 8-K

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

Date of Report (Date of earliest event reported): October 26, 2018

Precision Therapeutics Inc.
(Exact name of Registrant as Specified in its Charter)

Delaware	**001-36790**	**33-1007393**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2915 Commers Drive, Suite 900 **Eagan, Minnesota**	**55121**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(651) 389-4800**

Former Name or Former Address, if Changed Since Last Report: Not Applicable

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

x Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company ☒

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

Item 1.01. Entry into a Material Definitive Agreement.

Amended and Restated Agreement and Plan of Merger

On October 26, 2018, Precision Therapeutics Inc. (the "Company" or "Precision") entered into an Amended and Restated Agreement and Plan of Merger (the "Merger Agreement") with Helomics Acquisition, Inc., a wholly owned subsidiary of the Company ("Merger Sub"), and Helomics Holding Corporation ("Helomics"). The Merger (as defined below) will provide the Company with full access to Helomics' suite of Artificial Intelligence (AI), precision diagnostic and integrated Contract Research Organization (CRO) capabilities, which improve patient care and advance the development of innovative clinical products and technologies for the treatment of cancers. The Merger Agreement amends and restates the Agreement and Plan of Merger dated June 28, 2018, previously entered into among the Company, Merger Sub and Helomics.

The Merger Agreement contemplates a forward triangular merger whereby Helomics will merge with and into Merger Sub, with Merger Sub surviving the merger as a wholly-owned operating subsidiary of the Company (the "Merger"). At the time of the Merger, all outstanding shares of Helomics stock not already held by the Company will be converted into the right to receive a proportionate share of 4 million shares of newly issued common stock in the Company and 3.5 million shares of newly issued Series D preferred stock in the Company (collectively, "Merger Shares"), in addition to the 1.1 million shares of the Company's common stock already issued to Helomics for the Company's initial 20% ownership in Helomics. 860,000 shares of common stock of the merger consideration are to be deposited and held in escrow for 18 months to satisfy any indemnification claims of Helomics stockholders under the Merger Agreement. Helomics' management team is expected to assume their respective leadership positions with Merger Sub and to manage the TumorGenesis operations, which will be vested in Merger Sub as the surviving entity of the Merger.

Helomics currently has outstanding $8.8 million in promissory notes and warrants to purchase 23.7 million shares at an exercise price of $1.00 per share of Helomics common stock held by the investors in the notes. As a result of the Merger, the holders of said promissory notes and warrants will be entitled to additional warrants to purchase up to 5 million additional shares of Helomics common stock at an exercise price of $1.00 per share. Helomics agrees to use commercially reasonable efforts to cause each holder of each such promissory note to enter into an agreement whereby each such holder agrees that, effective upon the closing of the Merger, (a) all or a certain portion of the indebtedness evidenced by such promissory note shall be converted into common stock in the Company, (b) all of each such holder's Helomics' warrants shall be converted into warrants of the Company, and (c) the unconverted portion of said indebtedness shall be converted into a promissory note issued by the Company dated as of the closing of the Merger. The Merger is expressly conditioned on the holders of at least 75% of the $8.8 million in outstanding Helomics promissory notes agreeing to such an exchange (and the parties contemplate that each Helomics warrant will be exchanged for a Company warrant at a ratio of 0.6 Precision warrants for each Helomics warrant, with an exercise price of $1.00 per share. The common stock issuable upon exercise of the Company warrants will be registered in connection with the Merger).

In addition, Helomics currently has 995,000 warrants held by other parties at an exercise price of $0.01 per share of Helomics common stock. It is contemplated that these warrants will be exchanged at the time of the closing of the Merger for warrants to purchase 597,000 shares of Precision common stock at $0.01 per share.

The Merger Agreement also obligates the Company to approve, prior to the closing of the Merger, the grant of stock options exercisable for an aggregate of 900,000 shares of common stock in the Company under the Company's existing equity plan to the employees and consultants of Helomics designated by Helomics, according to the allocation determined by Helomics in good faith consultation with the Company.

Completion of the Merger is also subject to (i) customary closing conditions including the approval of the Merger by the stockholders of the Company and Helomics, (ii) certain materiality-based exceptions, (iii) the accuracy of the representations and warranties made by, and the compliance or performance of the obligations of, each of the Company and Helomics set forth in the Merger Agreement, (iv) satisfactory results of the Company's due diligence of Helomics, and (v) satisfactory results of Helomics' due diligence of the Company.

The Merger Agreement likewise contains customary representations, warranties and covenants, including covenants obligating each of the Company and Helomics to continue to conduct their respective businesses in the ordinary course, and to provide reasonable access to each other's information. Finally, the Merger Agreement contains certain termination rights in favor of each of the Company and Helomics.

The Merger Agreement is attached to this report as Exhibit 2.1 and incorporated herein by reference. The foregoing description of the Merger Agreement and the transactions contemplated and effected thereby is not complete and is qualified in its entirety by the contents of the actual Merger Agreement.

Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This communication may be deemed to be solicitation material in respect of the proposed transaction between Precision and Helomics. In connection with the proposed transaction, Precision has filed a registration statement on Form S-4, containing a proxy statement/prospectus (the "S-4") with the Securities and Exchange Commission ("SEC"). This communication is not a substitute for the registration statement, definitive proxy statement/prospectus or any other documents that Precision has filed or may file with the SEC or that Precision or Helomics has sent or may send to their respective security holders in connection with the proposed transaction.

SECURITY HOLDERS OF HELOMICS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders will be able to obtain copies of the S-4, including the proxy statement/prospectus, and other documents filed with the SEC (when available) free of charge at the SEC's website, http://www.sec.gov *after they are filed. Copies of documents filed with the SEC by Precision will be made available free of charge on Precision's website at* www.precisiontherapeutics.com.

Item 7.01 Regulation FD Disclosure.

On October 29, 2018, the Company issued a press release announcing the Merger Agreement and the filing of the S-4. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit No.	Description
2.1	Amended and Restated Agreement and Plan of Merger dated October 26, 2018
99.1	Press Release dated October 29, 2018
99.2	Pro Forma Combined Financial Information of Precision Therapeutics Inc.
99.3	Historical Financial Statements of Helomics Holding Corporation
99.4	Form S-4 (Registration No.333-228031) (filed October 29, 2018 and incorporated herein by reference)

SIGNATURES

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

PRECISION THERAPEUTICS INC.

By: /s/ Bob Myers
Name: Bob Myers
Title: Chief Financial Officer

Date: October 29, 2018

Exhibit 2.1

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

by and among

PRECISION THERAPEUTICS INC.,

HELOMICS ACQUISITION, INC.,

HELOMICS HOLDING CORPORATION

and

GERALD J. VARDZEL, JR., AS STOCKHOLDER REPRESENTATIVE

Dated as of October 22, 2018

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

AMENDED AND RESTATED
AGREEMENT AND PLAN OF MERGER

THIS AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER (this "***Agreement***") is made and entered into as of October 22, 2018, by and among Precision Therapeutics, Inc., f/k/a Skyline Medical Inc., a Delaware corporation ("***Parent***"), Helomics Acquisition, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("***Merger Sub***"), Helomics Holding Corporation, a Delaware corporation (the "***Company***"), and Gerald J. Vardzel, Jr., in his capacity as Stockholder Representative ("***Stockholder Representative***"). Certain capitalized terms used in this Agreement are defined in Exhibit A.

RECITALS

A. Parent, Merger Sub and the Company intend to effect a merger of the Company with and into Merger Sub in accordance with, and subject to, the terms and conditions of this Amended and Restated Agreement, the Certificate of Merger in substantially the form attached as Exhibit B (the "***Certificate of Merger***") and the DGCL (the "***Merger***"). Upon consummation of the Merger, the Company will cease to exist, and Merger Sub will be a wholly owned subsidiary of Parent.

B. The respective Boards of Directors of Parent, Merger Sub and the Company have each previously duly approved and declared advisable this Agreement, the Certificate of Merger, the Merger and the other Contemplated Transactions, subject to their final approval after the completion of due diligence and the requisite approval of the stockholders of the respective parties in accordance with applicable law.

C. The parties hereto previously entered into that certain Agreement and Plan of Merger dated as of June 28, 2018 (the "***Initial Agreement***"), pursuant to which the Merger would be governed. Pursuant to the Initial Agreement, Merger Sub was to merge with and into the Company. The parties have determined that consummation of the Merger on the amended terms of this Amended and Restated Agreement (referred to herein as this "***Agreement***"), is in the best interests of the parties hereto.

AGREEMENT

The parties to this Agreement, intending to be legally bound, hereby agree as follows:

ARTICLE 1.
DESCRIPTION OF TRANSACTION

1.1 Merger of the Company with and into Merger Sub. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time (as defined in Section 1.3), the Company shall be merged with and into Merger Sub. By virtue of the Merger, at the Effective Time, the separate existence of the Company shall cease and Merger Sub shall continue as the surviving corporation in the Merger and as a wholly owned subsidiary of Parent. Merger Sub as the surviving company after the Merger is referred to as the "***Surviving Corporation***."

1.2 Effects of the Merger. The Merger shall have the effects set forth in this Agreement and in the applicable provisions of the DGCL. From and after the Effective Time and until further altered or amended in accordance with applicable law, (i) all of the rights, privileges, immunities, powers, franchises and authority (both public and private) of the Company and Merger Sub shall vest in the Surviving Corporation; (ii) all of the assets and property of the Company and Merger Sub of every kind, nature and description (real, personal and mixed, and both tangible and intangible) and every interest therein, wheresoever located, including without limitation all debts or other obligations belonging or due to the Company or Merger Sub, all claims and all causes of action, shall be vested absolutely and unconditionally in the Surviving Corporation; and (iii) all debts and obligations of the Company and Merger Sub, all rights of creditors of the Company or Merger Sub and all liens or security interests encumbering any of the property of the Company or Merger Sub shall be vested in the Surviving Corporation and shall remain in full force and effect without modification or impairment and shall be enforceable against the Surviving Corporation and its assets and properties with the same full force and effect as if such debts, obligations, liens or security interests had been originally incurred or created by the Surviving Corporation in its own name and for its own behalf.

1.3 Closing; Effective Time. The consummation of the Merger (the "***Closing***") shall take place at the offices of Maslon LLP, outside counsel to Parent, on a date to be designated jointly by Parent and the Company, which shall be no later than the second business day after the satisfaction or waiver of the last to be satisfied or waived of the conditions set forth in Article 6 and Article 7 (other than the conditions, which by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of each of such conditions). The date on which the Closing actually takes place is referred to as the "***Closing Date***." The Merger shall become effective on the Closing Date at the time of the filing of the Certificate of Merger with the Secretary of State of the State of Delaware (or at such later time as may be designated jointly by Parent, Merger Sub and the Company and specified in the Certificate of Merger). The time when the Merger becomes effective is the "***Effective Time***."

1.4 Certificate of Incorporation and Bylaws; Directors and Officers. At the Effective Time:

(a) The Certificate of Incorporation of the Merger Sub shall be the Certificate of Incorporation of the Surviving Corporation (except that such Certificate of Incorporation shall be amended to provided that the name of the Surviving Corporation will be "Helomics Holding Corporation").

(b) The bylaws of the Merger Sub shall be the bylaws of the Surviving Corporation.

(c) The directors and officers of the Surviving Corporation immediately after the Effective Time will be those Persons set forth on Schedule 1.4, which schedule will be agreed among the parties prior to the Closing.

1.5 Conversion of Shares(a).

(a) Subject to the terms and conditions of this Agreement, at the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Merger Sub, the Company or any stockholder of the Company:

(i) any shares of Company Stock held immediately prior to the Effective Time by (A) the Company (or held in the Company's treasury) or (B) Parent or any wholly owned Subsidiary of Parent shall be cancelled, and no consideration shall be paid or payable in respect thereof; and

(ii) except as provided in clause (i) above and subject to Section 1.5(b), Section 1.5(c) and Section 1.7, all shares of Company Stock outstanding immediately prior to the Effective Time shall be converted into the right to receive the Aggregate Merger Consideration in accordance with the Consideration Schedule; and

(iii) each share of the common stock, $0.01 par value per share, of Merger Sub outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Corporation.

(b) No fractional shares of Parent Common Stock shall be issued in connection with the Merger, and no certificates or scrip for any such fractional shares shall be issued. With respect to each Company stockholder, the Aggregate Merger Consideration to which such stockholder is entitled shall be rounded to the nearest whole share of Parent Common Stock.

(c) Notwithstanding Section 1.5(a)(ii), the Merger Shares comprising the Transaction Escrow (as defined in Section 9.3(b)) shall be withheld from the Company Stockholders to secure their indemnification obligations hereunder until released pursuant to the terms of this Agreement and the Transaction Escrow.

1.6 Rights Regarding Company Stock. At the Effective Time, except as provided in Section 1.5(a)(i), all shares of Company Stock outstanding immediately prior to the Effective Time shall automatically be canceled and retired and shall cease to exist, and all holders of such shares of Company Stock (the "***Company Stockholders***") shall cease to have any rights with respect to such Company Stock, except the right to receive their respective portion of the Aggregate Merger Consideration or such consideration as determined in accordance with Section 1.7.

1.7 Company Dissenting Shares. Notwithstanding any provision of this Agreement to the contrary, shares of Company Stock issued and outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of adoption of this Agreement or consented thereto in writing and who has properly exercised appraisal rights of such shares in accordance with the applicable provisions of the DGCL (such shares of Company Stock being referred to collectively as the "***Company Dissenting Shares***" until such time as such holder fails to perfect or otherwise loses such holder's appraisal rights under the DGCL with respect to such shares) shall not be converted into a right to receive their respective portion of the Aggregate Merger Consideration, but instead shall be entitled to only such rights as are granted by Section 262 of the DGCL; *provided, however,* that if, after the Effective Time, such holder fails to perfect, withdraws or loses such holder's right to appraisal pursuant to the DGCL, or if a court of competent jurisdiction determines that such holder is not entitled to the relief provided by the DGCL, such holder's Company Dissenting Shares shall be treated as if they had been converted as of the Effective Time into the right to receive such holder's portion of the Aggregate Merger Consideration in accordance with Section 1.5, without interest thereon, upon surrender of the stock certificate formerly representing such Company Dissenting Shares. The Surviving Corporation shall provide Parent prompt written notice of any demands received by the Surviving Corporation for appraisal of shares of Company Stock, any withdrawal of any such demand and any other demand, notice or instrument delivered to the Company prior to the Effective Time that relates to such demand, and the Surviving Corporation shall have the opportunity and right to direct all negotiations and Legal Proceedings with respect to such demands; *provided* that Parent shall have the right to consent to any final resolution of such demands, which consent shall not be unreasonably withheld. Except with the prior written consent of Parent, which shall not be unreasonably withheld, the Surviving Corporation shall not make any payment with respect to, or settle or offer to settle, any such demands.

1.8 Exchange of Company Common Stock

(a) As soon as practicable after the date of this Amended and Restated Agreement, Parent shall engage Corporate Stock Transfer, Inc., Parent's transfer agent, or another bank or trust company reasonably satisfactory to Parent and the Surviving Corporation, to act as exchange agent in the Merger (the "***Exchange Agent***") and shall enter into an agreement reasonably acceptable to the Parent and the Surviving Corporation with the Exchange Agent relating to the services to be performed by the Exchange Agent.

(b) As soon as practicable after the date of this Amended and Restated Agreement, and not less than ten business days prior to the Closing Date, Parent shall cause the Exchange Agent to send to each Company Stockholder: (i) a letter of transmittal in customary form and containing such provisions as Parent may reasonably specify and the Surviving Corporation shall reasonably approve (including a provision confirming that delivery of certificates representing any shares of Company Stock (each a "***Company Stock Certificate***") shall be effected, and risk of loss and title to shares of Company Stock represented by Company Stock Certificates shall pass, only upon delivery of such Company Stock Certificates to the Exchange Agent); and (ii) instructions for use in effecting the surrender of Company Stock Certificates (or delivery of an affidavit of loss as provided in clause (c) below) in exchange for certificates representing Parent Stock. Promptly after the Effective Time, upon surrender of a Company Stock Certificate (or delivery of an affidavit of loss as provided in clause (c) below) to the Exchange Agent for exchange, together with a duly executed letter of transmittal and such other documents as may be reasonably required by the Exchange Agent or Parent: (A) the holder of such Company Stock Certificate shall be entitled to receive in exchange therefor one or more certificates representing the number of shares of Parent Stock that such holder has the right to receive pursuant to Section 1.5 (or in lieu of such certificate(s), confirmation of the issuance of such Parent Stock via book entry in the books of the Exchange Agent); and (B) the Company Stock Certificate so surrendered shall be canceled. Until surrendered as contemplated by this Section 1.8(b), each Company Stock Certificate shall be deemed, from and after the Effective Time, to represent only the right to receive a portion of the Aggregate Merger Consideration as set forth in Section 1.5. In any matters relating to Company Stock Certificates, Parent and the Exchange Agent may rely conclusively upon the record of stockholders maintained by the Surviving Corporation containing the names and addresses of the holders of record of Company Stock at the Effective Time, except to the extent such names or addresses are modified by any stockholders in their respective letters of transmittal. Parent shall not be obligated to deliver stock certificates (if any) representing Aggregate Merger Consideration to which any former holder of Company Stock is entitled until such holder delivers the documentation required hereunder.

(c) If any Company Stock Certificate shall have been lost, stolen or destroyed, Parent may, in its reasonable discretion and as a condition to the issuance of any certificate representing Parent Common Stock, require the owner of such lost, stolen or destroyed Company Stock Certificate to provide an appropriate affidavit and to deliver a bond (in such sum as Parent and the Exchange Agent reasonably agree to direct) as indemnity against any claim that may be made against the Exchange Agent, Parent or the Surviving Corporation with respect to such Company Stock Certificate.

(d) After the Effective Time, any holders of Company Stock Certificates who have not previously surrendered their Company Stock Certificates in accordance with this Section 1.8 shall look only to Parent, and not Exchange Agent, for, and be entitled to receive from Parent, satisfaction of their claims for Parent Stock, and any dividends or distributions with respect to such shares of Parent Stock.

(e) Each of the Exchange Agent, Parent and the Surviving Corporation shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable pursuant to this Agreement to any holder or former holder of Company Common Stock such amounts as may be required to be deducted or withheld from such consideration under the Code or any provision of state, local or foreign Tax Legal Requirement or under any other applicable Legal Requirement.

(f) Neither Parent nor the Surviving Corporation shall be liable to any holder or former holder of Company Common Stock or to any other Person with respect to any shares of Parent Stock (or dividends or distributions with respect thereto), or for any cash amounts, delivered to any public official pursuant to any applicable abandoned property Legal Requirement, escheat Legal Requirement or other similar Legal Requirement.

1.9 Company Employee Options. After the date hereof and prior to the Closing, Parent shall approve of the grant of stock options exercisable for an aggregate of 900,000 shares of Parent Common Stock under the Parent Equity Plan to the employees and consultants of the Company designated by the Company, according to the allocation determined by the Company after consultation with Parent in good faith (the "**Company Employee Options**"), effective as of the Effective Time (and contingent upon the Closing occurring and the receipt of applicable countersigned award agreements). At the Closing, Parent shall deliver award agreements for the issuance of the Company Employee Options in form and substance reasonable satisfactory to the Stockholder Representative for delivery to the applicable recipients thereof for countersignature.

1.10 Company Notes and Warrants. The Company shall use commercially reasonable efforts to cause the holder of each Company Note Payable to enter into an agreement in form and substance reasonably satisfactory to Parent and the Company (each, a "Conversion and Exchange Agreement") whereby such holder shall agree that, effective upon the Closing, (a) all or a certain portion of the Indebtedness evidenced by such Company Note Payable shall be converted into Parent Common Stock, (b) all of such holder's Company Warrants shall be converted into Parent Warrants, in a form reasonably acceptable to Parent, and (c) the unconverted portion of any Indebtedness evidenced by such Company Note Payable shall be converted into a promissory note issued by Parent as of the Closing Date, in a form reasonably acceptable to Parent.

1.11 Further Assurances. Subject to the terms and conditions of this Agreement, each of Parent, the Stockholder Representative, the Company and the Surviving Corporation agree, from time to time as and when requested by another Party to this Agreement, to execute and deliver, or cause to be executed or delivered, all such documents and other papers and to use its commercially reasonable efforts to take, or cause to be taken, all such further or appropriate actions and to do, or cause to be done, all other things as such other party may reasonably deem necessary or desirable to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby (including to vest the Surviving Corporation with full right, title and possession of and to all rights and property of Merger Sub and the Company).

ARTICLE 2.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Merger Sub as follows (it being understood that (x) each representation and warranty contained in this Article 2 is subject to the exceptions and disclosures set forth in the part or subpart of the Company Disclosure Schedule corresponding to the particular Section or subsection in this Article 2 in which such representation and warranty appears, or corresponding to any other Section or subsection in this Article 2 to which it is reasonably apparent that such exception or disclosure would relate), (y) the Company has not yet investigated the matters covered by these representations and warranties, which will be subject to the parties' due diligence investigation, and (z) no inaccuracy or breach of any such representation or warranty shall be grounds for any claim by Parent or Merger Sub prior to the Closing):

2.1 Subsidiaries; Due Organization.

(a) Part 2.1(a) of the Company Disclosure Schedule identifies each Subsidiary of the Company and indicates its jurisdiction of organization. Neither the Company nor any of the Subsidiaries identified in Part 2.1(a) of the Company Disclosure Schedule owns any capital stock of, or any equity interest of any nature in, any other Entity, other than the Entities identified in Part 2.1(a) of the Company Disclosure Schedule. No Subsidiary of the Company has agreed or is obligated to make, or is bound by any Contract under which it may become obligated to make, any future investment in or capital contribution to any other Entity.

(b) Each of the Company Entities is a corporation (or other Entity) duly organized, validly existing and in good standing (or equivalent status) under the Legal Requirements of the jurisdiction of its incorporation or formation and has all necessary power and authority: (i) to conduct its business in the manner in which its business is currently being conducted; (ii) to own and use its assets in the manner in which its assets are currently owned and used; and (iii) to perform its obligations under all Contracts by which it is bound.

(c) Each of the Company Entities (in jurisdictions that recognize the following concepts) is qualified to do business as a foreign corporation or other foreign Entity, and is in good standing, under the Legal Requirements of all jurisdictions where the nature of its business requires such qualification, except for jurisdictions in which the failure to be so qualified, individually or in the aggregate, would not have a Company Material Adverse Effect.

2.2 Authority; Binding Nature of Agreement. The Company has the corporate right, power and authority to enter into and, subject to receipt of the Company Stockholder Consent, to perform its obligations under this Agreement. The Company Board has unanimously authorized and approved the execution, delivery and performance of this Agreement by the Company and approved the Merger in the manner required by applicable Legal Requirements. The Company Board has unanimously determined that the Merger is advisable and fair to, and in the best interests of the Company and its stockholders, and recommended the adoption of this Agreement by the Company's stockholders and directed that this Agreement and the Merger be approved by the Company's stockholders. Assuming the due authorization, execution and delivery of this Agreement by Parent and Merger Sub, this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to: (i) Legal Requirements of general application relating to bankruptcy, insolvency, the relief of debtors and creditors' rights generally; and (ii) Legal Requirements governing specific performance, injunctive relief and other equitable remedies.

2.3 Capitalization.

(a) As of the date of this Agreement, the authorized capital stock of the Company consists of (i) 50,000,000 shares of Company Common Stock, of which 10,833,333 shares are issued and outstanding, and (ii) 5,000,000 shares of Company Preferred Stock, of which 2,500,000 shares are issued and outstanding. All of the outstanding shares of Company Stock have been duly authorized and validly issued, are fully paid and non-assessable. None of the Company Entities (other than the Company) holds any shares of Company Stock or any rights to acquire shares of Company Stock. None of the outstanding shares of Company Stock is entitled or subject to any preemptive right, right of repurchase or forfeiture, right of participation, right of maintenance or any similar right or any right of first refusal in favor of the Company. Except as set forth on Part 2.3(a) of the Company Disclosure Schedules, there is no Company Contract relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or from granting any option or similar right with respect to), any shares of Company Stock or any securities of any of the Company Entities. None of the Company Entities is under any obligation, or is bound by any Contract pursuant to which it may become obligated, to repurchase, redeem or otherwise acquire any outstanding shares of Company Stock or other securities.

(b) As of the date of this Agreement, no shares of Company Common Stock are, and on the Closing Date, no shares of Company Common Stock will be, subject to issuance pursuant to Company Options.

(c) As of the date of this Agreement, 20,445,421 shares of Company Common Stock are subject to issuance pursuant to Company Warrants. Part 2.3(c) of the Company Disclosure Schedule contains a complete and accurate list that sets forth with respect to each Company Warrant outstanding as of the date of this Agreement the following information: (i) the name and address of the holder of such Company Warrant; (ii) the number of shares of Company Common Stock subject to such Company Warrant; (iii) the per share exercise price of such Company Warrant; (iv) the applicable vesting schedule, and the extent to which such Company Warrant vested and is exercisable, if applicable; and (v) the date on which such Company Warrant was issued; (vi) the date on which such Company Warrant expires. Other than the Company Warrants, and except as set forth in Sections 2.3(a) above or Part 2.3(c) of the Company Disclosure Schedule, there is no: (i) outstanding subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of any of the Company Entities to which any of the Company Entities is party or by which it is bound; (ii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any shares of the capital stock or other securities of any of the Company Entities; (iii) outstanding or authorized stock appreciation rights, phantom stock, profit participation or similar rights or equity-based awards with respect to any of the Company Entities; or (iv) stockholder rights plan (or similar plan commonly referred to as a "poison pill") or Contract under which any of the Company Entities is or may become obligated to sell or otherwise issue any shares of its capital stock or any other securities.

(d) All outstanding shares of Company Common Stock, and all options and other securities of the Company Entities, have been issued and granted in compliance in all material respects with: (i) all applicable securities laws and other applicable Legal Requirements; and (ii) all requirements set forth in applicable Contracts.

(e) Except as set forth on Part 2.3(e) of the Company Disclosure Schedules, all of the outstanding shares of capital stock or other securities of each of the Company's Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and free of preemptive rights and are held by the Company or a wholly owned Subsidiary of the Company. All of the outstanding shares and all other securities of each of the Company's Subsidiaries are owned beneficially and of record by the Company free and clear of any Encumbrances (other than restrictions on transfer imposed by applicable securities laws).

2.4 Financial Statements; Internal Controls.

(a) The Company has delivered to Parent true and complete copies of the (i) audited consolidated financial statements, including balance sheets and income statements, of the Company Entities for the calendar years ended December 31, 2017 (the "***Company Audited Financial Statements***"), and (ii) copies of the unaudited consolidated financial statements, including balance sheets and income statements, of the Company and its Subsidiaries (including the Company Foreign Subsidiaries), for the six months ended June 30, 2018 (collectively, the "***Company Most Recent Financial Statements,***" and together with the Company Audited Financial Statements, the "***Company Financial Statements***") (such balance sheet being referred to as the "***Company Latest Balance Sheet***"). The Company represents that all of the Company Notes Payable are set forth on Schedule 2.4.

(b) The Company Financial Statements (i) were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered except (1) as may be indicated in such Company Financial Statements, and (2) in the case of the Most Recent Financial Statements, such financial statements do not contain footnotes as may be required under GAAP, (3) in the case of the Most Recent Financial Statements, are subject to normal and recurring year-end adjustments, none of which are expected to be material; and (ii) fairly present, in all material respects, the financial position of the Company as of the respective dates thereof and the results of operations and cash flows of the Company for the periods covered thereby.

(c) The Company maintains a system of internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. To the Knowledge of the Company, since December 31, 2015, until the date hereof, neither the Company nor any of its Subsidiaries nor the Company's independent registered accountant has identified or been made aware of: (A) any significant deficiency or material weakness in the design or operation of internal control over financial reporting utilized by the Company Entities; (B) any illegal act or fraud, whether or not material, that involves the Company's management or other employees; or (C) any claim or allegation regarding any of the foregoing.

(d) The Company's auditor has at all times since its engagement by the Company been, to the Knowledge of the Company: (i) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes-Oxley Act); (ii) "independent" with respect to the Company within the meaning of Regulation S-X under the Exchange Act; and (iii) in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and the rules and regulations promulgated by the SEC and the Public Company Accounting Oversight Board thereunder. The Company's auditor has not provided any non-audit services for the Company Entities that would be required to be approved in accordance with Section 201 of the Sarbanes-Oxley Act if such Act applied to the Company.

2.5 Absence of Undisclosed Liabilities. The Company does not have any material liabilities or obligations or claims of any kind whatsoever, whether secured or unsecured, accrued or unaccrued, fixed or contingent, matured or unmatured, known or unknown, direct or indirect, contingent or otherwise and whether due or to become due (referred to herein individually as a "***Liability***" and collectively as "***Liabilities***"), other than: (a) Liabilities that are fully reflected or reserved for in the Company Latest Balance Sheet or not required to be reflected thereon pursuant to GAAP; (b) Liabilities incurred by the Company in the ordinary course of business after the date of the Company Latest Balance Sheet and consistent with past practice; (c) Liabilities owed to Parent and Merger Sub incurred in connection with the negotiation and execution of this Agreement, or (d) Liabilities for executory obligations to be performed after the Closing under the contracts described in Part 2.11 of the Company Disclosure Schedule.

2.6 Absence of Changes. Except as set forth in Part 2.6 of the Company Disclosure Schedule, since the date of the Company Latest Balance Sheet, the Company has owned and operated its assets, properties and business in the ordinary course of business and consistent with past practice. Without limiting the generality of the foregoing, subject to the aforesaid exceptions:

(a) there has not been any Company Material Adverse Effect, and no event has occurred or circumstance has arisen that, in combination with any other events or circumstances, would reasonably be expected to have or result in a Company Material Adverse Effect; and

(b) there has not been any material loss, damage or destruction to, or any material interruption in the use of, any of the material assets of any of the Company Entities (whether or not covered by insurance).

2.7 Title to Assets. The Company Entities own, and have good and valid title to, all material assets purported to be owned by them, including: (a) all assets reflected on the Company Latest Balance Sheet (except for inventory sold or otherwise disposed of in the ordinary course of business since the date of the Company Latest Balance Sheet); and (b) all other material assets reflected in the books and records of the Company Entities as being owned by the Company Entities. All of said assets are owned by the Company Entities free and clear of any Encumbrances, except for: (i) any Encumbrance for current Taxes not yet due and payable, or being contested in good faith by appropriate Legal Proceeding and for which reserves have been established in accordance with GAAP; and (ii) minor Encumbrances (including zoning restrictions, survey exceptions, easements, rights of way, licenses, rights, appurtenances and similar Encumbrances) that do not (in any case or in the aggregate) materially detract from the value of the assets subject thereto or materially impair the operations of any of the Company Entities; (collectively, the "***Company Permitted Encumbrances***"). The Company Entities are the lessees of, and hold valid leasehold interests in, all assets purported to have been leased by them, including: (A) all assets reflected as leased on the Company Latest Balance Sheet; and (B) all other assets reflected in the books and records of the Company Entities as being leased to the Company Entities, and the Company Entities enjoy undisturbed possession of such leased assets, subject to the Company Permitted Encumbrances.

2.8 Loans. Part 2.8 of the Company Disclosure Schedule contains an accurate and complete list as of the date of this Agreement of all outstanding loans and advances made by any of the Company Entities to any Company Associate, other than routine travel and business expense advances made to directors or officers or other employees in the ordinary course of business.

2.9 Equipment; Real Property; Leasehold.

(a) All material items of equipment and other tangible assets owned by or leased to, and necessary for the operation of, the Company Entities are adequate for the uses to which they are being put, are in good and safe condition and repair (ordinary wear and tear excepted) and are adequate for the conduct of the businesses of the Company Entities in the manner in which such businesses are currently being conducted.

(b) No Company Entity owns any real property.

(c) Part 2.9(c) of the Company Disclosure Schedule sets forth an accurate and complete list of each lease pursuant to which any of the Company Entities leases real property from any other Person. All real property leased to the Company Entities pursuant to the real property leases identified or required to be identified in Part 2.9(c) of the Company Disclosure Schedule, including all buildings, structures, fixtures and other improvements thereto and all rights appurtenant thereto leased to the Company Entities, is referred to as the "***Company Leased Real Property***." Part 2.9(c) of the Company Disclosure Schedule contains an accurate and complete list of all subleases, occupancy agreements and other Company Contracts granting to any Person (other than any Company Entity) a right of use or occupancy of any of the Company Leased Real Property. Except as set forth in the leases or subleases identified in Part 2.9(c) of the Company Disclosure Schedule, there is no Person in possession of any Company Leased Real Property other than a Company Entity. Except as set forth on Part 2.9(c) of the Company Disclosure Schedule, since January 1, 2015, none of the Company Entities has received, to the Knowledge of the Company, any notice of a default, alleged failure to perform, or any offset or counterclaim with respect to any occupancy agreement with respect to any Company Leased Real Property which has not been fully remedied and/or withdrawn.

2.10 Intellectual Property.

(a) Part 2.10(a) of the Company Disclosure Schedule accurately identifies: (i) in Part 2.10(a)(i) of the Company Disclosure Schedule: (A) each item of Registered IP in which any of the Company Entities has or purports to have an ownership interest of any nature (whether exclusively, jointly with another Person or otherwise) (the "***Company Registered IP***"); (B) the jurisdiction in which such Company Registered IP has been registered, issued or filed and the applicable registration, patent or application serial number; and (C) any other Person that has an ownership interest in such item of Company Registered IP and the nature of such ownership interest; and (ii) in Part 2.10(a)(ii) of the Company Disclosure Schedule: (A) each Contract pursuant to which any Intellectual Property Rights are licensed to any Company Entity; and (B) whether these licenses are exclusive or nonexclusive (for purposes of this Agreement, a covenant not to sue or not to assert infringement claims shall be deemed to be equivalent to a license).

(b) The Company has delivered or made available to Parent an accurate and complete copy of each standard form of the following documents and Contracts used at any time by any Company Entity: (i) terms and conditions with respect to the sale, lease, license or provisioning of any Company Product; (ii) employee agreement containing any assignment or license to any Company Entity of Intellectual Property or Intellectual Property Rights or any confidentiality provision; or (iii) consulting or independent contractor agreement containing any assignment or license to any Company Entity of Intellectual Property or Intellectual Property Rights or any confidentiality provision.

(c) Except as set forth in Part 2.10(c) of the Company Disclosure Schedule: (i) the Company Entities exclusively own all right, title and interest to and in the Company Registered IP, free and clear of any Encumbrances (other than non-exclusive licenses granted by any Company Entity in connection with the sale, license or provision of Company Products in the ordinary course of business); and (ii) with respect to Company IP other than Company Registered IP, to the Knowledge of the Company, no Person other than the Company Entities has any right or interest in such Company IP and no such Company IP is subject to any Encumbrances (other than: (A) Intellectual Property Rights or Intellectual Property licensed to the Company, as identified in Part 2.10(a)(ii) of the Company Disclosure Schedule; or (B) non-exclusive licenses granted by any Company Entity in connection with the sale, license or provision of Company Products in the ordinary course of business), except, in the case of clause "(i)" and "(ii)" of this sentence, where the existence of such Encumbrance would not have and would not reasonably be expected to have or result in a Company Material Adverse Effect. Without limiting the generality of the foregoing:

(i) to the Knowledge of the Company, no Company Associate has any claim, right (whether or not currently exercisable) or interest to or in any Company IP;

(ii) each Company Entity has taken commercially reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by any of the Company Entities, or purported to be held by any of the Company Entities, as a trade secret; and

(iii) the Merger will not result in the loss of any Intellectual Property Rights needed to conduct the business of the Company Entities as currently conducted.

(d) All Company Registered IP is, to the Knowledge of the Company, valid, subsisting and enforceable except where the inability to enforce such Company Registered IP would not have, and would not reasonably be expected to have or result in, a Company Material Adverse Effect.

(e) Except as would not have, and would not reasonably be expected to have or result in, a Company Material Adverse Effect, neither the execution, delivery or performance of this Agreement nor the consummation of any of the Contemplated Transactions will, or could reasonably be expected to, with or without notice or the lapse of time, result in or give any other Person the right or option to cause, create, impose or declare: (i) a loss of, or Encumbrance on, any Company IP; or (ii) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Company IP.

(f) Except as set forth in Part 2.10(f) of the Company Disclosure Schedule, since December 7, 2016, and to the Knowledge of the Company, since January 1, 2015: (i) none of the Company Entities has received any written notice, letter or other written or electronic communication or correspondence relating to any actual, alleged or suspected infringement, misappropriation or violation of any Intellectual Property Right of another Person by any of the Company Entities (it being understood that, for purposes of this sentence, a notice, letter or other written or electronic communication or correspondence relating to any actual, alleged or suspected infringement, misappropriation or violation shall include an invitation to license Intellectual Property Rights of another Person), the Company Products or the Company Product Software); and (ii) none of the Company Entities has sent or otherwise delivered to any Person, any written notice, letter or other written or electronic communication or correspondence relating to any actual, alleged or suspected infringement, misappropriation or violation of any Company IP.

(g) To the Knowledge of the Company, none of the Company Entities and none of the Company Products or Company Product Software (i) has infringed (directly, contributorily, by inducement or otherwise) or otherwise violated any Intellectual Property Right of any other Person; or (ii) ever misappropriated any Intellectual Property Right of any other Person.

(h) No infringement, misappropriation or similar claim or Legal Proceeding is or, since January 1, 2015, has been pending or, to the Knowledge of the Company, threatened against any Company Entity or against any other Person who is, or has asserted or could reasonably be expected to assert that such Person is, entitled to be indemnified, defended, held harmless or reimbursed by any Company Entity with respect to such claim or Legal Proceeding (including any claim or Legal Proceeding that has been settled, dismissed or otherwise concluded).

(i) To the Knowledge of the Company, none of the Company Product Software: (i) contains any bug, defect or error (including any bug, defect or error relating to or resulting from the display, manipulation, processing, storage, transmission or use of date data) that materially and adversely affects the use, functionality or performance of such Company Product Software or any Company Product containing or used in conjunction with such Company Product Software; or (ii) fails to comply in any material respect with any applicable warranty or other contractual commitment made by any Company Entity relating to the use, functionality or performance of such software or any Company Product containing or used in conjunction with such Company Product Software.

(j) To the Knowledge of the Company, except for trial or demonstration versions, none of the Company Product Software contains any "back door," "drop dead device," "time bomb," "Trojan horse," "virus" or "worm" (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing, any of the following functions: (i) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed; or (ii) damaging or destroying any data or file without the user's consent.

(k) To the Knowledge of the Company, none of the Company Product Software is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license such as the GNU Public License, Lesser GNU Public License or Mozilla Public License) that: (i) requires or could reasonably be expected to require the disclosure, licensing or distribution of any Company Source Code for any portion of such Company Product Software; (ii) conditions or could reasonably be expected to condition the use or distribution of such Company Product Software; or (iii) otherwise imposes or could reasonably be expected to impose any material limitation, restriction or condition on the right or ability of the Company to use or distribute any Company Product Software.

2.11 Contracts and Commitments; No Default.

(a) Except as set forth in Part 2.11(a) of the Company Disclosure Schedule, none of the Company Entities is a party to, nor are any of their respective assets bound by:

(i) any Company Employee Agreement;

(ii) any Contract that provides for (A) reimbursement of any Company Associate for, or advancement to any Company Associate of, legal fees or other expenses associated with any Legal Proceeding or the defense thereof or (B) indemnification of any Company Associate;

(iii) any Contract constituting an indenture, mortgage, note, installment obligation, agreement or other instrument relating to the borrowing of money by any Company Entity;

(iv) any Contract that (A) is not terminable on 30 days or less notice without penalty, (B) is over one year in length of obligation to any Company Entity, (C) involves an obligation of more than $50,000 over its term, (D) represents more than 10% of the revenue or expense of any Company Entity in the year ended December 31, 2017, or (E) is a material master services or product supply agreement;

(v) any Contract for the lease or sublease of the Company Leased Real Property;

(vi) any Contract incorporating any guaranty, any warranty, any sharing of liabilities or any indemnity (including any indemnity with respect to Intellectual Property or Intellectual Property Rights) or similar obligation, other than Contracts entered into in the ordinary course of business;

(vii) any Contract for the license, sale or other disposition or use of Company IP (other than a shrink-wrap license or ordinary-course customer contracts granting a non-exclusive right and non-transferrable to use Company IP during the term of such agreement);

(viii) any Contract imposing any restriction on the right or ability of any Company Entity (A) to compete with any other Person or (B) to solicit, hire or retain any Person as a director, officer, employee, consultant or independent contractor;

(ix) any Contract imposing any obligation or requirement to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any Person;

(x) outstanding sales or purchase Contracts, commitments or proposals that will result in any material loss upon completion or performance thereof after allowance for direct distribution expenses; or

(xi) any Contract, the termination of which would reasonably be expected to have a Company Material Adverse Effect.

(b) True and complete copies (or summaries, in the case of oral items) of all agreements disclosed pursuant to this Section 2.11 or listed in Part 2.3(c) of the Company Disclosure Schedule (the "***Material Company Contracts***") have been provided or made available to Parent for review. Except as set forth in Part 2.11(b) of the Company Disclosure Schedule, all of the Material Company Contracts are valid and enforceable by and against the Company Entity party thereto in accordance with their terms, and are in full force and effect. No Company Entity is in breach, violation or default in the performance of any of its obligations under any of the Material Company Contracts, and no facts or circumstances exist which, whether with the giving of due notice, lapse of time, or both, would constitute such breach, violation or default thereunder or thereof by such Company Entity. To the Knowledge of the Company, no other party to a Material Company Contract is in breach, violation or default thereunder or thereof, and no facts or circumstances exist which, whether with the giving of due notice, lapse of time, or both, would constitute such a breach, violation or default thereunder or thereof by such other party. No other party to a Material Company Contract (or any Contract with a customer or potential customer of the Company) has provided written notice to the Company of any plans, intentions or actions that would have an adverse and material effect on the scope of services to be provided by, or the availability of product or services being purchased by the Company (a "***Company Adverse Contract Notice***").

2.12 Compliance with Legal Requirements. Each of the Company Entities is, and has at all times since December 7, 2016, and to the Knowledge of the Company, since January 1, 2015, been, in compliance in all material respects with all applicable Legal Requirements, including Legal Requirements relating to employment, privacy law matters, exportation of goods and services, environmental matters, securities law matters and Taxes. Since December 7, 2016, and to the Knowledge of the Company, since January 1, 2015, until the date hereof, none of the Company Entities has received any notice from any Governmental Body or other Person regarding any actual or possible violation in any material respect of, or failure to comply in any material respect with, any Legal Requirement.

2.13 Governmental Authorizations. The Company Entities hold all Governmental Authorizations necessary to enable the Company Entities to conduct their respective businesses in the manner in which such businesses are currently being conducted except where the failure to hold such Governmental Authorizations would not reasonably be expected to have or result in a Company Material Adverse Effect. All such Governmental Authorizations are valid and in full force and effect. Each Company Entity is, and has at all times since December 7, 2016, and to the Knowledge of the Company, January 1, 2015, been in compliance in all material respects with the terms and requirements of such Governmental Authorizations. Since December 7, 2016, and to the Knowledge of the Company, January 1, 2015, none of the Company Entities has received any written notice (or, to the Knowledge of the Company, any other communication, whether written or otherwise) from any Governmental Body regarding: (i) any actual or possible material violation of or failure to comply in any material respect with any term or requirement of any material Governmental Authorization; or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any material Governmental Authorization.

2.14 Tax Matters.

(a) Each of the material Tax Returns required to be filed by or on behalf of the respective Company Entities with any Governmental Body (the "***Company Returns***"): (i) has been filed on or before the applicable due date (including any extensions of such due date); and (ii) has been prepared in all material respects in compliance with all applicable Legal Requirements (except as subsequently corrected by amended Tax Returns). All Taxes shown on the Company Returns, including any amendments, to be due have been timely paid.

(b) No Company Entity and no Company Return is currently under (or since January 1, 2015 has been under) audit by any Governmental Body, and to the Knowledge of the Company, no Governmental Body has delivered to any Company Entity since January 1, 2015 a notice or request to conduct a proposed audit or examination with respect to Taxes.

(c) No claim or Legal Proceeding is pending or, to the Knowledge of the Company, has been threatened against or with respect to any Company Entity in respect of any material Tax. There are no unsatisfied Liabilities for material Taxes with respect to any notice of deficiency or similar document received by any Company Entity with respect to any material Tax (other than Liabilities for Taxes asserted under any such notice of deficiency or similar document which are being contested in good faith by the Company Entities and with respect to which reserves for payment have been established on the Company Latest Balance Sheet in accordance with GAAP). There are no Encumbrances for material Taxes upon any of the assets of any of the Company Entities except Encumbrances for current Taxes not yet due and payable or being contested in good faith by appropriate Legal Proceedings and for which reserves have been established in accordance with GAAP. No claim which has resulted or could reasonably be expected to result in an obligation to pay material Taxes has ever been made by any Governmental Body in a jurisdiction where a Company Entity does not file a Tax Return that it is or may be subject to taxation by that jurisdiction.

(d) Each of the Company Entities has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Forms W-2 and 1099 (or equivalents in foreign jurisdictions) required with respect thereto have been properly completed and timely filed.

(e) None of the Company Entities (i) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than an Affiliated Group the common parent of which was the Company) or (ii) has any Liability for the Taxes of any Person (other than the Company Entities) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(f) The Company is not a "United States Real Property Holding Corporation" within the meaning of Code Section 897(c)(2).

2.15 Employee and Labor Matters; Benefit Plans.

(a) Except as set forth in Part 2.15(a) of the Company Disclosure Schedule, the employment of each of the Company Entities' employees is terminable by the applicable Company Entity at will. None of the Company Entities is a party to, or has a duty to bargain for, any collective bargaining agreement or other Contract with a labor organization or works council representing any of its employees and there are no labor organizations or works councils representing, purporting to represent or, to the Knowledge of the Company, seeking to represent any employees of any of the Company Entities.

(b) There is no claim or grievance pending or, to the Knowledge of the Company, threatened relating to any employment Contract, wages and hours, leave of absence, plant closing notification, employment statute or regulation, work rule (together with all policies and supplements related thereto), privacy right, labor dispute, safety, retaliation, immigration or discrimination matters involving any Company Associate, including charges of unfair labor practices or harassment complaints.

(c) The Company has delivered or made available to Parent an accurate and complete list as of the date hereof, of: (i) each Company Employee Plan; (ii) each Company Employee Agreement; and (iii) all work rules (together with all policies and supplements related thereto) and employee manuals and handbooks relating to employees of any Company Entity.

(d) Each of the Company Entities and Company Affiliates has performed in all material respects all obligations required to be performed by it under each Company Employee Plan, and each Company Employee Plan has been established and maintained in all material respects in accordance with its terms and applicable Legal Requirements. Each Company Employee Plan intended to be Tax qualified under applicable Legal Requirements is so Tax qualified, and no event has occurred and no circumstance or condition exists that could reasonably be expected to result in the disqualification of any such Company Employee Plan.

(e) None of the Company Entities, and no Company Affiliate, has ever maintained, established, sponsored, participated in or contributed to any: (i) Company Pension Plan subject to Title IV of ERISA; (ii) "multiemployer plan" within the meaning of Section (3)(37) of ERISA; or (iii) plan described in Section 413 of the Code. None of the Company Entities, and no Company Affiliate, maintains, sponsors or contributes to any Company Employee Plan that is an employee welfare benefit plan (as such term is defined in Section 3(1) of ERISA) and that is, in whole or in part, self-funded or self-insured.

(f) Neither the execution of this Agreement nor the consummation of the Contemplated Transactions will or could reasonably be expected to (either alone or upon the occurrence of termination of employment) constitute an event under any Company Employee Plan, Company Employee Agreement, trust or loan that will or may result (either alone or in connection with any other circumstance or event) in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Company Associate.

(g) Except as set forth in Part 2.15(g) of the Company Disclosure Schedule, each of the Company Entities and Company Affiliates: (i) is, and at all times has been, in compliance in all material respects with any Order or arbitration award of any court, arbitrator or any Governmental Body respecting employment, employment practices, terms and conditions of employment, wages, hours or other labor related matters; (ii) has withheld and reported all amounts required by applicable Legal Requirements or by Contract to be withheld and reported with respect to wages, salaries and other payments to Company Associates; (iii) is not liable for any arrears of wages or any Taxes with respect thereto or any interest or penalty for failure to comply with the Legal Requirements applicable of the foregoing; and (iv) is not liable for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Body with respect to unemployment compensation benefits, social security, social charges or other benefits or obligations for Company Associates (other than routine payments to be made in the normal course of business and consistent with past practice).

(h) There is no agreement, plan, arrangement or other Contract covering any Company Associate, and no payments have been made to any Company Associate, that, in connection with the Merger, considered individually or considered collectively with any other such Contracts or payments, will, or could reasonably be expected to, be characterized as a "parachute payment" within the meaning of Section 280G(b)(2) of the Code or give rise directly or indirectly to the payment of any amount that would not be deductible pursuant to Section 162(m) of the Code (or any comparable provision under state or foreign Tax laws). No Company Entity is a party to or has any obligation under any Contract to compensate any Person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

2.16 Environmental Matters. Except as would not, individually or in the aggregate, have a Company Material Adverse Effect: (i) the Company Entities are in compliance with applicable Legal Requirements relating to (x) pollution, contamination, protection, remediation or reclamation of the environment, (y) emissions, discharges, disseminations, releases or threatened releases of Hazardous Substances into the air (indoor or outdoor), surface water, groundwater, soil, land surface or subsurface, buildings, facilities, real or personal property or fixtures or (z) the management, manufacture, processing, labeling, distribution, use, treatment, storage, disposal, transport, recycling or handling of Hazardous Substances (collectively, "***Environmental Laws***"); (ii) the Company Entities possess all Permits required under Environmental Laws necessary for their operations, and such operations are in compliance with applicable Permits; and (iii) no Legal Proceeding arising under or pursuant to Environmental Laws is pending, or to the Knowledge of the Company, threatened in writing, against any Company Entity.

2.17 Insurance. Part 2.17 of the Company Disclosure Schedule sets forth a true, correct and complete list of all insurance policies carried by the Company Entities (the "***Company Insurance Policies***"), the amounts and types of insurance coverage available thereunder and all insurance loss runs and workers' compensation claims received for the past three policy years. The Company has made available to the Company true, complete and correct copies of all Company Insurance Policies. With respect to each Company Insurance Policy, (i) such policy is legal, valid, binding and enforceable in accordance with its terms and is in full force and effect, and (ii) no Company Entity is in breach or default, and no event has occurred which, after notice or the lapse of time, or both, would constitute a breach or default or permit termination or modification under such policy. All premiums payable under all Company Insurance Policies have been timely paid, and the Company Entities are in compliance with the terms of all Company Insurance Policies. There has been no threatened termination of, or material premium increases with respect to, any Company Insurance Policy.

2.18 Legal Proceedings; Orders.

(a) Except as set forth on Part 2.18(a) of the Company Disclosure Schedules, there is no pending Legal Proceeding, and (to the Knowledge of the Company) no Person has threatened to commence any Legal Proceeding: (i) that involves any of the Company Entities, or any business of any of the Company Entities, any of the assets owned, leased or used by any of the Company Entities; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Merger or any of the other Contemplated Transactions.

(b) To the Knowledge of the Company, there is no Order to which any of the Company Entities, or any of the assets owned or used by any of the Company Entities, is subject. To the Knowledge of the Company, no officer or other key employee of any of the Company Entities is subject to any Order that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of any of the Company Entities.

2.19 Company Stockholder Approval(a). The Company Stockholder Consent is the only approval of the holders of any Company Stock required under the DGCL, the Company's charter documents and any agreements among the Company and its stockholders to approve of the Merger and other Contemplated Transactions.

2.20 Non-Contravention; Consents. Assuming compliance with the applicable provisions of the DGCL, and except as disclosed on Part 2.20 of the Company Disclosure Schedule, neither (1) the execution and delivery of this Agreement by the Company, nor (2) the consummation of the Merger or any of the other Contemplated Transactions, would reasonably be expected to, directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of: (i) any of the provisions of the certificate of incorporation, bylaws or other charter or organizational documents of any of the Company Entities; or (ii) any resolution adopted by the stockholders, the Board of Directors or any committee of the Board of Directors of any of the Company Entities;

(b) contravene, conflict with or result in a violation of, any Legal Requirement or any Order to which any of the Company Entities, or any of the assets owned or used by any of the Company Entities, is subject;

(c) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by any of the Company Entities or that otherwise relates to the business of any of the Company Entities or to any of the assets owned or used by any of the Company Entities;

(d) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any Company Material Contract, or give any Person the right to: (i) declare a default or exercise any remedy under any such Company Material Contract; (ii) a rebate, chargeback, penalty or change in delivery schedule under any such Company Material Contract; (iii) accelerate the maturity or performance of any such Company Material Contract; or (iv) cancel, terminate or modify any right, benefit, obligation or other term of such Company Material Contract;

(e) result in the imposition or creation of any Encumbrance upon or with respect to any tangible asset owned or used by any of the Company Entities (except for the Company Permitted Encumbrances); or

(f) result in the disclosure or delivery to any escrow holder or other Person of any material Company IP (including Company Source Code), or the transfer of any asset of any of the Company Entities to any Person.

Except as may be required by the DGCL, none of the Company Entities was, is or will be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with: (x) the execution, delivery or performance of this Agreement; or (y) the consummation of the Merger or any of the other Contemplated Transactions.

2.21 No Financial Advisor. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Merger or any of the other Contemplated Transactions based upon arrangements made by or on behalf of any of the Company Entities.

2.22 Exclusivity of Representations and Warranties. Notwithstanding the delivery or disclosure to Parent or its officers, directors, employees, agents or other representatives of any documentation or other information (including any financial projections or other supplemental data), except for the representations and warranties made by the Company in this Article 2, the Company expressly disclaims any representations or warranties of any kind or nature, whether written or oral, express or implied, as to the condition, value or quality of the securities or businesses or assets of any Company Entities, and the Company specifically disclaims any representation or warranty of merchantability, usage, suitability or fitness for any particular purpose with respect to such assets, any part thereof, the workmanship thereof, and the absence of any defects therein, whether latent or patent, it being understood that, except as set forth in this Article 2, such assets are being acquired "as is, where is" on the Closing Date, and in their present condition, and Parent shall rely on its own examination and investigation thereof as well as the representations and warranties of the Company set forth in this Agreement. The representations and warranties of the Company contained in this Article 2 are the only representations and warranties made by the Company or any other Company Entity in connection with the Contemplated Transactions and supersede any and all previous written and oral statements, if any, made by the Company, any other Company Entity or any of their representatives.

ARTICLE 3.
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Parent and Merger Sub jointly and severally represent and warrant to the Company as follows (it being understood that each representation and warranty contained in this Article 3 is subject to the exceptions and disclosures set forth in the part or subpart of the Parent Disclosure Schedule corresponding to the particular Section or subsection in this Article 3 in which such representation and warranty appears, or corresponding to any other Section or subsection in this Article 3 to which it is reasonably apparent that such exception or disclosure would relate, (y) Parent and Merger Sub have not yet investigated the matters covered by these representations and warranties, which will be subject to the parties' due diligence investigation, and (z) no inaccuracy or breach of any such representation or warranty shall be grounds for any claim by the Company prior to the Closing):

3.1 Subsidiaries; Due Organization.

(a) Part 3.1(a) of the Parent Disclosure Schedule identifies each Subsidiary of Parent and indicates its jurisdiction of organization. Neither Parent nor any of the Subsidiaries identified in Part 3.1(a) of the Parent Disclosure Schedule owns any capital stock of, or any equity interest of any nature in, any other Entity, other than the Entities identified in Part 3.1(a) of the Parent Disclosure Schedule. No Subsidiary of Parent has agreed or is obligated to make or is bound by any Contract under which it may become obligated to make, any future investment in or capital contribution to any other Entity.

(b) Each of the Parent Entities is a corporation (or other Entity) duly organized, validly existing and in good standing (or equivalent status) under the Legal Requirements of Delaware and has all necessary power and authority: (i) to conduct its business in the manner in which its business is currently being conducted; (ii) to own and use its assets in the manner in which its assets are currently owned and used; and (iii) to perform its obligations under all Contracts by which it is bound.

(c) Each of the Parent Entities (in jurisdictions that recognize the following concepts) is qualified to do business as a foreign corporation or other foreign Entity, and is in good standing, under the Legal Requirements of all jurisdictions where the nature of its business requires such qualification, except for jurisdictions in which the failure to be so qualified, individually or in the aggregate, would not have a Parent Material Adverse Effect.

3.2 Authority; Binding Nature of Agreement. Parent and Merger Sub have the corporate right, power and authority to enter into and, subject to receipt of the Parent Stockholder Consent, to perform their respective obligations under this Agreement. The Parent Board (at a meeting duly called and held) has: (a) unanimously determined that the Merger is advisable and fair to, and in the best interests of, Parent and its stockholders; and (b) unanimously authorized and approved the execution, delivery and performance of this Agreement by Parent and unanimously approved the Merger in the manner required by Legal Requirements. Assuming the due authorization, execution and delivery of this Agreement by the Company and Stockholder Representative, this Agreement constitutes the legal, valid and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, subject to: (i) Legal Requirements of general application relating to bankruptcy, insolvency, the relief of debtors and creditors' rights generally; and (ii) Legal Requirements governing specific performance, injunctive relief and other equitable remedies.

3.3 Capitalization.

(a) As of the date of this Agreement, the authorized capital stock of Parent is as described in the Parent SEC Documents (as defined below). All of the outstanding shares of capital stock of Parent have been duly authorized and validly issued, are fully paid and non-assessable. None of the Parent Entities (other than Parent) holds any shares of capital stock of Parent or any rights to acquire shares of capital stock of Parent. Except as set forth on Part 3.3(a) of the Parent Disclosure Schedule or as described in the Parent SEC Documents, none of the outstanding shares of capital stock of Parent is entitled or subject to any preemptive right, right of repurchase or forfeiture, right of participation, right of maintenance or any similar right or any right of first refusal in favor of Parent. Except as described in the Parent SEC Documents there is no Parent Contract relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or from granting any option or similar right with respect to), any shares of capital stock of Parent or any securities of any of the Parent Entities. Except as described in the Parent SEC Documents none of the Parent Entities is under any obligation, or is bound by any Contract pursuant to which it may become obligated, to repurchase, redeem or otherwise acquire any outstanding shares of capital stock of Parent or other securities.

(b) As of the date of this Agreement, 3,448,885 shares of Parent Common Stock are subject to issuance pursuant to Parent Options, and the terms of the Parent Equity Plans are as described in the Parent SEC Documents. The exercise price per share of each Parent Option is not less than the fair market value of a share of Parent Common Stock as determined on the date of grant of such Parent Option pursuant to the equity plan pursuant to which such Parent Option was granted. All grants of Parent Equity Awards granted prior to December 31, 2014 were recorded on Parent's financial statements (including any related notes thereto) in accordance with GAAP and, to the Knowledge of Parent, no such grants involved any "back dating" or similar practices with respect to the effective date of grant (whether intentionally or otherwise).

(c) As of the date of this Agreement, 3,319,265 shares of Parent Common Stock are subject to issuance pursuant to Parent Warrants. Other than the Parent Warrants, and except as described in the Parent Disclosure Documents or set forth in Sections 3.3(a) or 3.3(b) above or Part 3.3(c) of the Parent Disclosure Schedule, there is no: (i) outstanding subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of any of the Parent Entities to which any of the Parent Entities is party or by which it is bound; (ii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any shares of the capital stock or other securities of any of the Parent Entities; (iii) outstanding or authorized stock appreciation rights, phantom stock, profit participation or similar rights or equity-based awards with respect to any of the Parent Entities; or (iv) stockholder rights plan (or similar plan commonly referred to as a "poison pill") or Contract under which any of the Parent Entities is or may become obligated to sell or otherwise issue any shares of its capital stock or any other securities.

(d) All outstanding shares of Parent Common Stock, and all options and other securities of the Parent Entities, have been issued and granted in compliance in all material respects with: (i) except as set forth on Part 3.3(b) of the Parent Disclosure Schedule, all applicable securities laws and other applicable Legal Requirements; and (ii) all requirements set forth in applicable Contracts.

(e) All of the outstanding shares of capital stock of each of Parent's Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and free of preemptive rights and are held by the Company or a wholly owned Subsidiary of the Company. All of the outstanding shares and all other securities of each of Parent's Subsidiaries are owned beneficially and of record by Parent free and clear of any Encumbrances (other than restrictions on transfer imposed by applicable securities laws).

3.4 SEC Filings; Financial Statements; Internal Controls.

(a) Parent has delivered or made available (or made available on the SEC website) to the Company accurate and complete copies of all registration statements, proxy statements, Parent Certifications (as defined below) and other statements, reports, schedules, forms and other documents filed by Parent with the SEC since January 1, 2015, including all amendments thereto (collectively, the "***Parent SEC Documents***"). Since January 1, 2015, all statements, reports, schedules, forms and other documents required to have been filed by Parent or its officers with the SEC have been so filed on a timely basis. None of Parent's Subsidiaries is required to file any documents with the SEC. As of the time it was filed with the SEC (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Parent SEC Documents complied as to form in all material respects with the applicable requirements of the Securities Act or the Exchange Act (as the case may be); and (ii) none of the Parent SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made and taking into account the requirements applicable to the respective Parent SEC Document, not misleading, except to the extent corrected: (A) in the case of Parent SEC Documents filed or furnished on or prior to the date of this Agreement that were amended or superseded on or prior to the date of this Agreement, by the filing or furnishing of the applicable amending or superseding Parent SEC Document; and (B) in the case of Parent SEC Documents filed or furnished after the date of this Agreement that are amended or superseded prior to the Effective Time, by the filing or furnishing of the applicable amending or superseding Parent SEC Document. The certifications and statements relating to the Parent SEC Documents required by: (A) Rule 13a-14 or Rule 15d-14 under the Exchange Act; (B) 18 U.S.C. §1350 (Section 906 of the Sarbanes-Oxley Act); or (C) any other rule or regulation promulgated by the SEC or applicable to the Parent SEC Documents (collectively, the "***Parent Certifications***") are accurate and complete, and comply as to form and content with all applicable Legal Requirements. As used in this Section 3.4, the term "***file***" and variations thereof shall be broadly construed to include any manner in which a document or information is filed, furnished, submitted, supplied or otherwise made available to the SEC or any member of its staff.

(b) Parent maintains disclosure controls and procedures sufficient under Rule 13a-15 or 15d-15 under the Exchange Act. Such disclosure controls and procedures are designed to ensure that all material information concerning the Parent Entities required to be disclosed by Parent in the reports that it is required to file, submit or furnish under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Parent maintains a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Parent's management has completed an assessment of the effectiveness of Parent's system of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act for the fiscal year ended December 31, 2017, and such assessment concluded that such controls were effective. To the Knowledge of Parent, since January 1, 2018 until the date hereof, neither Parent nor any of its Subsidiaries nor Parent's independent registered accountant has identified or been made aware of: (A) any significant deficiency or material weakness in the design or operation of internal control over financial reporting utilized by the Parent Entities; (B) any illegal act or fraud, whether or not material, that involves Parent's management or other employees; or (C) any claim or allegation regarding any of the foregoing.

(c) The financial statements (including any related notes) contained or incorporated by reference in the Parent SEC Documents: (i) complied as to form in all material respects with the published rules and regulations of the SEC applicable thereto; (ii) were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered (except as may be indicated in the notes to such financial statements or, in the case of unaudited financial statements, as permitted by Form 10-Q, Form 8-K or any successor form under the Exchange Act, and except that the unaudited financial statements may not contain footnotes and are subject to normal and recurring year-end adjustments); and (iii) fairly present, in all material respects, the consolidated financial position of Parent and its consolidated Subsidiaries as of the respective dates thereof and the consolidated results of operations and cash flows of Parent and its consolidated Subsidiaries for the periods covered thereby. No financial statements of any Person other than the Parent Entities are required by GAAP to be included in the consolidated financial statements of Parent contained or incorporated by reference in the Parent SEC Documents.

(d) Parent's auditor has at all times since engagement by Parent been, to the Knowledge of Parent: (i) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes-Oxley Act); (ii) "independent" with respect to Parent within the meaning of Regulation S-X under the Exchange Act; and (iii) in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and the rules and regulations promulgated by the SEC and the Public Parent Accounting Oversight Board thereunder. The Parent's auditor has not provided any non-audit services for the Parent Entities that were not approved in violation with Section 201 of the Sarbanes-Oxley Act.

3.5 Absence of Undisclosed Liabilities. Parent does not have any material Liabilities, other than: (a) Liabilities that are fully reflected or reserved for in the Parent Latest Balance Sheet or not required to be reflected thereon pursuant to GAAP; (b) Liabilities that are set forth in Part 3.5 of the Parent Disclosure Schedule; (c) Liabilities incurred by Parent in the ordinary course of business after the date of the Parent Latest Balance Sheet and consistent with past practice; or (d) Liabilities for executory obligations to be performed after the Closing under the Parent Contracts described in Part 3.11 of the Parent Disclosure Schedule.

3.6 Absence of Changes. Except as set forth in Part 3.6 of the Parent Disclosure Schedule, since the date of the Parent Latest Balance Sheet, Parent has owned and operated its assets, properties and business in the ordinary course of business and consistent with past practice. Without limiting the generality of the foregoing, subject to the aforesaid exceptions:

(a) there has not been any Parent Material Adverse Effect, and no event has occurred or circumstance has arisen that, in combination with any other events or circumstances, would reasonably be expected to have or result in a Parent Material Adverse Effect; and

(b) there has not been any material loss, damage or destruction to, or any material interruption in the use of, any of the material assets of any of the Parent Entities (whether or not covered by insurance).

3.7 Title to Assets. The Parent Entities own, and have good and valid title to, all material assets purported to be owned by them, including: (a) all assets reflected on the Parent Latest Balance Sheet (except for inventory sold or otherwise disposed of in the ordinary course of business since the date of the Parent Latest Balance Sheet); and (b) all other material assets reflected in the books and records of the Parent Entities as being owned by the Parent Entities. All of said assets are owned by the Parent Entities free and clear of any Encumbrances, except for: (i) any Encumbrance for current Taxes not yet due and payable, or being contested in good faith by appropriate proceeding and for which reserves have been established in accordance with GAAP; and (ii) minor Encumbrances (including zoning restrictions, survey exceptions, easements, rights of way, licenses, rights, appurtenances and similar Encumbrances) that do not (in any case or in the aggregate) materially detract from the value of the assets subject thereto or materially impair the operations of any of the Parent Entities (collectively, the "***Parent Permitted Encumbrances***"). The Parent Entities are the lessees of, and hold valid leasehold interests in, all assets purported to have been leased by them, including: (A) all assets reflected as leased on the Parent Latest Balance Sheet; and (B) all other assets reflected in the books and records of the Parent Entities as being leased to the Parent Entities, and the Parent Entities enjoy undisturbed possession of such leased assets, subject to the Parent Permitted Encumbrances.

3.8 Loans. Part 3.8 of the Parent Disclosure Schedule contains an accurate and complete list as of the date of this Agreement of all outstanding loans and advances made by any of the Parent Entities to any Parent Associate, other than routine travel and business expense advances made to directors or officers or other employees in the ordinary course of business.

3.9 Equipment; Real Property; Leasehold.

(a) All material items of equipment and other tangible assets owned by or leased to, and necessary for the operation of, the Parent Entities are adequate for the uses to which they are being put, are in good and safe condition and repair (ordinary wear and tear excepted) and are adequate for the conduct of the businesses of the Parent Entities in the manner in which such businesses are currently being conducted.

(b) No Parent Entity owns any real property.

(c) Part 3.9(c) of the Parent Disclosure Schedule sets forth an accurate and complete list of each lease pursuant to which any of the Parent Entities leases real property from any other Person. All real property leased to the Parent Entities pursuant to the real property leases identified or required to be identified in Part 3.9(c) of the Parent Disclosure Schedule, including all buildings, structures, fixtures and other improvements thereto and all rights appurtenant thereto leased to the Parent Entities, is referred to as the "***Parent Leased Real Property.***" Part 3.9(c) of the Parent Disclosure Schedule contains an accurate and complete list of all subleases, occupancy agreements and other Parent Contracts granting to any Person (other than any Parent Entity) a right of use or occupancy of any of the Parent Leased Real Property. Except as set forth in the leases or subleases identified in Part 3.9(c) of the Parent Disclosure Schedule, there is no Person in possession of any Parent Leased Real Property other than a Parent Entity. Since January 1, 2015, none of the Parent Entities has received any written notice (or, to the Knowledge of Parent, any other communication, whether written or otherwise) of a default, alleged failure to perform, or any offset or counterclaim with respect to any occupancy agreement with respect to any Parent Leased Real Property which has not been fully remedied and/or withdrawn.

3.10 Intellectual Property.

(a) Part 3.10(a) of the Parent Disclosure Schedule accurately identifies: (i) in Part 3.10(a)(i) of the Parent Disclosure Schedule: (A) each item of Registered IP in which any of the Parent Entities has or purports to have an ownership interest of any nature (whether exclusively, jointly with another Person or otherwise) (the "***Parent Registered IP***"); (B) the jurisdiction in which such Parent Registered IP has been registered, issued or filed and the applicable registration, patent or application serial number; and (C) any other Person that has an ownership interest in such item of Parent Registered IP and the nature of such ownership interest; and (ii) in Part 3.10(a)(ii) of the Parent Disclosure Schedule: (A) each Contract pursuant to which any Intellectual Property Rights are licensed to any Parent Entity; and (B) whether these licenses are exclusive or nonexclusive (for purposes of this Agreement, a covenant not to sue or not to assert infringement claims shall be deemed to be equivalent to a license).

(b) Parent has delivered or made available to the Company an accurate and complete copy of each standard form of the following documents and Contracts used at any time by any Parent Entity: (i) terms and conditions with respect to the sale, lease, license or provisioning of any Parent Product or Parent Product Software; (ii) employee agreement containing any assignment or license to any Parent Entity of Intellectual Property or Intellectual Property Rights or any confidentiality provision; or (iii) consulting or independent contractor agreement containing any assignment or license to any Parent Entity of Intellectual Property or Intellectual Property Rights or any confidentiality provision.

(c) Except as set forth in Part 3.10(c) of the Parent Disclosure Schedule: (i) the Parent Entities exclusively own all right, title and interest to and in the Parent Registered IP, free and clear of any Encumbrances (other than non-exclusive licenses granted by any Parent Entity in connection with the sale, license or provision of Parent Products in the ordinary course of business); and (ii) with respect to Parent IP other than Parent Registered IP, to the Knowledge of Parent, no Person other than the Parent Entities has any right or interest in such Parent IP and no such Parent IP is subject to any Encumbrances (other than: (A) Intellectual Property Rights or Intellectual Property licensed to Parent, as identified in Part 3.10(a)(ii) of the Parent Disclosure Schedule; or (B) non-exclusive licenses granted by any Parent Entity in connection with the sale, license or provision of Parent Products in the ordinary course of business), except, in the case of clause "(i)" and "(ii)" of this sentence, where the existence of such Encumbrance would not have and would not reasonably be expected to have or result in a Parent Material Adverse Effect. Without limiting the generality of the foregoing:

(i) to the Knowledge of Parent, no Parent Associate has any claim, right (whether or not currently exercisable) or interest to or in any Parent IP;

(ii) each Parent Entity has taken commercially reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by any of the Parent Entities, or purported to be held by any of the Parent Entities, as a trade secret; and

(iii) the Merger will not result in the loss of any Intellectual Property Rights needed to conduct the business of the Parent Entities as currently conducted.

(d) All Parent Registered IP is, to the Knowledge of Parent, valid, subsisting and enforceable except where the inability to enforce such Parent Registered IP would not have, and would not reasonably be expected to have or result in, a Parent Material Adverse Effect.

(e) Except as would not have, and would not reasonably be expected to have or result in, a Parent Material Adverse Effect, neither the execution, delivery or performance of this Agreement nor the consummation of any of the Contemplated Transactions will, or could reasonably be expected to, with or without notice or the lapse of time, result in or give any other Person the right or option to cause, create, impose or declare: (i) a loss of, or Encumbrance on, any Parent IP; or (ii) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Parent IP.

(f) Except as set forth in Part 3.10(f) of the Parent Disclosure Schedule, since January 1, 2015: (i) none of the Parent Entities has received any written notice, letter or other written or electronic communication or correspondence relating to any actual, alleged or suspected infringement, misappropriation or violation of any Intellectual Property Right of another Person by any of the Parent Entities (it being understood that, for purposes of this sentence, a notice, letter or other written or electronic communication or correspondence relating to any actual, alleged or suspected infringement, misappropriation or violation shall include an invitation to license Intellectual Property Rights of another Person), the Parent Products or the Parent Product Software; and (ii) none of the Parent Entities has sent or otherwise delivered to any Person, any written notice, letter or other written or electronic communication or correspondence relating to any actual, alleged or suspected infringement, misappropriation or violation of any Parent IP.

(g) To the Knowledge of Parent, none of the Parent Entities and none of the Parent Products or Parent Product Software (i) has infringed (directly, contributorily, by inducement or otherwise) or otherwise violated any Intellectual Property Right of any other Person; or (ii) ever misappropriated any Intellectual Property Right of any other Person.

(h) No infringement, misappropriation or similar claim or Legal Proceeding is or, since January 1, 2015, has been pending or, to the Knowledge of Parent, threatened against any Parent Entity or against any other Person who is, or has asserted or could reasonably be expected to assert that such Person is, entitled to be indemnified, defended, held harmless or reimbursed by any Parent Entity with respect to such claim or Legal Proceeding (including any claim or Legal Proceeding that has been settled, dismissed or otherwise concluded).

(i) To the Knowledge of Parent, none of the Parent Product Software: (i) contains any bug, defect or error (including any bug, defect or error relating to or resulting from the display, manipulation, processing, storage, transmission or use of date data) that materially and adversely affects the use, functionality or performance of such Parent Product Software or any Parent Product containing or used in conjunction with such Parent Product Software; or (ii) fails to comply in any material respect with any applicable warranty or other contractual commitment made by any Parent Entity relating to the use, functionality or performance of such software or any Parent Product containing or used in conjunction with such Parent Product Software.

(j) To the Knowledge of Parent, except for trial or demonstration versions, none of the Parent Product Software contains any "back door," "drop dead device," "time bomb," "Trojan horse," "virus" or "worm" (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing, any of the following functions: (i) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed; or (ii) damaging or destroying any data or file without the user's consent.

(k) To the Knowledge of Parent, none of the Parent Product Software is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license such as the GNU Public License, Lesser GNU Public License or Mozilla Public License) that: (i) requires or could reasonably be expected to require the disclosure, licensing or distribution of any Parent Source Code for any portion of such Parent Product Software, (ii) conditions or could reasonably be expected to condition, the use or distribution of such Parent Product Software; or (iii) otherwise imposes or could reasonably be expected to impose any material limitation, restriction or condition on the right or ability of Parent to use or distribute any Parent Product Software.

3.11 Contracts and Commitments; No Default.

(a) Except as described in the Parent SEC Documents or set forth in Part 3.11(a) of the Parent Disclosure Schedule, none of the Parent Entities is a party to, nor are any of their respective assets bound by:

(i) any Parent Employee Agreement;

(ii) any Contract that provides for (A) reimbursement of any Parent Associate for, or advancement to any Parent Associate of, legal fees or other expenses associated with any Legal Proceeding or the defense thereof or (B) indemnification of any Parent Associate;

(iii) any Contract constituting an indenture, mortgage, note, installment obligation, agreement or other instrument relating to the borrowing of money by any Parent Entity;

(iv) any Contract that (A) is not terminable on 30 days or less notice without penalty, (B) is over one year in length of obligation to any Parent Entity, (C) involves an obligation of more than $50,000 over its term, (D) represents more than 10% of the revenue or expense of any Parent Entity in the six-month period ended December 31, 2017; or (E) is a material master services or product supply agreement;

(v) any Contract for the lease or sublease of the Parent Leased Real Property;

(vi) any Contract incorporating any guaranty, any warranty, any sharing of liabilities or any indemnity (including any indemnity with respect to Intellectual Property or Intellectual Property Rights) or similar obligation, other than Contracts entered into in the ordinary course of business;

(vii) any Contract for the license, sale or other disposition or use of Parent IP (other than a shrink-wrap license or ordinary-course customer contracts granting a non-exclusive right and non-transferrable right to use Parent IP during the term of such agreement);

(viii) any Contract imposing any restriction on the right or ability of any Parent Entity (A) to compete with any other Person or (B) to solicit, hire or retain any Person as a director, officer, employee, consultant or independent contractor;

(ix) any Contract imposing any obligation or requirement to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any person or entity;

(x) outstanding sales or purchase Contracts, commitments or proposals that will result in any material loss upon completion or performance thereof after allowance for direct distribution expenses; or

(xi) any Contract, the termination of which would reasonably be expected to have a Parent Material Adverse Effect.

(b) True and complete copies (or summaries, in the case of oral items) of all agreements disclosed pursuant to this Section 3.11 or listed in Part 3.3(c) of the Parent Disclosure Schedule (the "***Material Parent Contracts***") have been provided or made available to the Company for review. Except as set forth in Part 3.11(b) of the Parent Disclosure Schedule, all of the Material Parent Contracts are valid and enforceable by and against the Parent Entity party thereto in accordance with their terms, and are in full force and effect. No Parent Entity is in breach, violation or default, however defined, in the performance of any of its obligations under any of the Material Parent Contracts, and no facts or circumstances exist which, whether with the giving of due notice, lapse of time, or both, would constitute such breach, violation or default thereunder or thereof by such Parent Entity. To the Knowledge of Parent, no other party to a Material Parent Contract is in breach, violation or default, however defined, thereunder or thereof, and no facts or circumstances exist which, whether with the giving of due notice, lapse of time, or both, would constitute such a breach, violation or default thereunder or thereof by such other party. No other party to a Material Parent Contract (or any Contract with a customer or potential customer of the Parent) has provided written notice to the Parent of any plans, intentions or actions that would have an adverse and material effect on the scope of services to be provided by, or the availability of product or services being purchased by the Parent (a "***Parent Adverse Contract Notice***").

3.12 Compliance with Legal Requirements. Except as set forth on Part 3.12 of the Parent Disclosure Schedule, each of the Parent Entities is, and has at all times since January 1, 2015 been, in compliance in all material respects with all applicable Legal Requirements, including Legal Requirements relating to employment, privacy law matters, exportation of goods and services, environmental matters, securities law matters and Taxes. Since January 1, 2015 until the date hereof, none of the Parent Entities has received any written notice (or, to the Knowledge of Parent, any other communication, whether written or otherwise) from any Governmental Body or other Person regarding any actual or possible violation in any material respect of, or failure to comply in any material respect with, any Legal Requirement.

3.13 Governmental Authorizations. The Parent Entities hold all Governmental Authorizations necessary to enable the Parent Entities to conduct their respective businesses in the manner in which such businesses are currently being except where the failure to hold such Governmental Authorizations would not reasonably be expected to have or result in a Parent Material Adverse Effect. All such Governmental Authorizations are valid and in full force and effect. Each Parent Entities is, and at all times since January 1, 2015 has been, in compliance in all material respects with the terms and requirements of such Governmental Authorizations. Since January 1, 2015, none of the Parent Entities has received any written notice (or, to the Knowledge of Parent, any other communication, whether written or otherwise) from any Governmental Body regarding: (i) any actual or possible material violation of or failure to comply in any material respect with any term or requirement of any material Governmental Authorization; or (ii) any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any material Governmental Authorization.

3.14 Tax Matters.

(a) Each of the material Tax Returns required to be filed by or on behalf of the respective Parent Entities with any Governmental Body (the "***Parent Returns***"): (i) has been filed on or before the applicable due date (including any extensions of such due date); and (ii) has been prepared in all material respects in compliance with all applicable Legal Requirements (except as subsequently corrected by amended Tax Returns). All Taxes shown on the Parent Returns, including any amendments, to be due have been timely paid.

(b) No Parent Entity and no Parent Return is currently under (or since January 1, 2013 has been under) audit by any Governmental Body, and to the Knowledge of Parent, no Governmental Body has delivered to any Parent Entity since January 1, 2013 a notice or request to conduct a proposed audit or examination with respect to Taxes.

(c) No claim or Legal Proceeding is pending or, to the Knowledge of Parent, has been threatened against or with respect to any Parent Entity in respect of any material Tax. There are no unsatisfied Liabilities for material Taxes with respect to any notice of deficiency or similar document received by any Parent Entity with respect to any material Tax (other than liabilities for Taxes asserted under any such notice of deficiency or similar document which are being contested in good faith by the Parent Entities and with respect to which reserves for payment have been established on the Parent Latest Balance Sheet in accordance with GAAP). There are no Encumbrances for material Taxes upon any of the assets of any of the Parent Entities except Encumbrances for current Taxes not yet due and payable or being contested in good faith by appropriate Legal Proceedings and for which reserves have been established in accordance with GAAP. No claim which has resulted or could reasonably be expected to result in an obligation to pay material Taxes has ever been made by any Governmental Body in a jurisdiction where a Parent Entity does not file a Tax Return that it is or may be subject to taxation by that jurisdiction.

(d) Parent has delivered or made available to the Company accurate and complete copies of all federal and state income Tax Returns of the Parent Entities with respect to periods after January 1, 2015.

(e) Merger Sub is a directly-owned, first-tier wholly owned subsidiary of Parent.

(f) Each of the Parent Entities has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

(g) None of the Parent Entities (i) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than an Affiliated Group the common parent of which was the Parent) or (ii) has any liability for the Taxes of any Person (other than the Parent Entities) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

3.15 Employee and Labor Matters; Benefit Plans.

(a) Except as set forth in Part 3.15(a) of the Parent Disclosure Schedule, the employment of each of the Parent Entities' employees is terminable by the applicable Parent Entity at will. None of the Parent Entities is a party to, or has a duty to bargain for, any collective bargaining agreement or other Contract with a labor organization or works council representing any of its employees and there are no labor organizations or works councils representing, purporting to represent or, to the Knowledge of Parent, seeking to represent any employees of any of the Parent Entities.

(b) There is no claim or grievance pending or, to the Knowledge of Parent, threatened relating to any employment Contract, wages and hours, leave of absence, plant closing notification, employment statute or regulation, work rule (together with all policies and supplements related thereto), privacy right, labor dispute, safety, retaliation, immigration or discrimination matters involving any Parent Associate, including charges of unfair labor practices or harassment complaints.

(c) Parent has delivered or made available to the Company an accurate and complete list, by country and as of the date hereof, of: (i) each Parent Employee Plan; (ii) each Parent Employee Agreement; and (iii) all work rules (together with all policies and supplements related thereto) and employee manuals and handbooks relating to employees of any Parent Entity.

(d) Each of the Parent Entities and Parent Affiliates has performed in all material respects all obligations required to be performed by it under each Parent Employee Plan, and each Parent Employee Plan has been established and maintained in all material respects in accordance with its terms and applicable Legal Requirements. Each Parent Employee Plan intended to be Tax qualified under applicable Legal Requirements is so Tax qualified, and no event has occurred and no circumstance or condition exists that could reasonably be expected to result in the disqualification of any such Parent Employee Plan.

(e) None of the Parent Entities, and no Parent Affiliate, has ever maintained, established, sponsored, participated in or contributed to any: (i) Parent Pension Plan subject to Title IV of ERISA; (ii) "multiemployer plan" within the meaning of Section (3)(37) of ERISA; or (iii) plan described in Section 413 of the Code. None of the Parent Entities, and no Parent Affiliate, maintains, sponsors or contributes to any Parent Employee Plan that is an employee welfare benefit plan (as such term is defined in Section 3(1) of ERISA) and that is, in whole or in part, self-funded or self-insured.

(f) Neither the execution of this Agreement nor the consummation of the Contemplated Transactions will or could reasonably be expected to (either alone or upon the occurrence of termination of employment) constitute an event under any Parent Employee Plan, Parent Employee Agreement, trust or loan that will or may result (either alone or in connection with any other circumstance or event) in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Parent Associate.

(g) Except as set forth in Part 3.15(g) of the Parent Disclosure Schedule, each of the Parent Entities and Parent Affiliates: (i) is, and at all times has been, in compliance in all material respects with any Order or arbitration award of any court, arbitrator or any Governmental Body respecting employment, employment practices, terms and conditions of employment, wages, hours or other labor related matters; (ii) has withheld and reported all amounts required by applicable Legal Requirements or by Contract to be withheld and reported with respect to wages, salaries and other payments to Parent Associates; (iii) is not liable for any arrears of wages or any Taxes with respect thereto or any interest or penalty for failure to comply with the Legal Requirements applicable of the foregoing; and (iv) is not liable for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Body with respect to unemployment compensation benefits, social security, social charges or other benefits or obligations for Parent Associates (other than routine payments to be made in the normal course of business and consistent with past practice).

(h) There is no agreement, plan, arrangement or other Contract covering any Parent Associate, and no payments have been made to any Parent Associate, that, in connection with the Merger, considered individually or considered collectively with any other such Contracts or payments, will, or could reasonably be expected to, be characterized as a "parachute payment" within the meaning of Section 280G(b)(2) of the Code or give rise directly or indirectly to the payment of any amount that would not be deductible pursuant to Section 162(m) of the Code (or any comparable provision under state or foreign Tax laws). No Parent Entity is a party to or has any obligation under any Contract to compensate any Person for excise Taxes payable pursuant to Section 4999 of the Code or for additional Taxes payable pursuant to Section 409A of the Code.

3.16 Environmental Matters. Except as would not, individually or in the aggregate, have a Parent Material Adverse Effect: (i) the Parent Entities are in compliance with applicable Legal Requirements relating to Environmental Laws; (ii) the Parent Entities possess all Permits required under Environmental Laws necessary for their operations, and such operations are in compliance with applicable Permits; and (iii) no Legal Proceeding arising under or pursuant to Environmental Laws is pending, or to the Knowledge of the Parent, threatened in writing, against any Parent Entity.

3.17 Insurance. Part 3.17 of the Parent Disclosure Schedule sets forth a true, correct and complete list of all insurance policies carried by the Parent Entities (the "***Parent Insurance Policies***"), the amounts and types of insurance coverage available thereunder and all insurance loss runs and workers' compensation claims received for the past three policy years. The Company has made available to the Company true, complete and correct copies of all Parent Insurance Policies. With respect to each Parent Insurance Policy, (i) such policy is legal, valid, binding and enforceable in accordance with its terms and is in full force and effect, and (ii) no Parent Entity is in breach or default, and no event has occurred which, after notice or the lapse of time, or both, would constitute a breach or default or permit termination or modification under such policy. All premiums payable under all Parent Insurance Policies have been timely paid, and the Parent Entities are in compliance with the terms of all Parent Insurance Policies. There has been no threatened termination of, or material premium increases with respect to, any Parent Insurance Policy.

3.18 Legal Proceedings; Orders.

(a) Except as described in the Parent SEC Documents, there is no pending Legal Proceeding, and (to the Knowledge of Parent) no Person has threatened to commence any Legal Proceeding: (i) that involves any of the Parent Entities, or any business of any of the Parent Entities, any of the assets owned, leased or used by any of the Parent Entities; or (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Merger or any of the other Contemplated Transactions.

(b) To the Knowledge of Parent, there is no Order to which any of the Parent Entities, or any of the assets owned or used by any of the Parent Entities, is subject. To the Knowledge of Parent, no officer or other key employee of any of the Parent Entities is subject to any Order that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of any of the Parent Entities.

3.19 [Reserved.]

3.20 Non-Contravention; Consents. Assuming compliance with the applicable provisions of the DGCL and obtaining the Parent Stockholder Consent, neither (1) the execution and delivery of this Agreement by Parent, nor (2) the consummation of the Merger or any of the other Contemplated Transactions, would reasonably be expected to, directly or indirectly (with or without notice or lapse of time):

(a) contravene, conflict with or result in a violation of: (i) any of the provisions of the certificate of incorporation, bylaws or other charter or organizational documents of any of the Parent Entities; or (ii) any resolution adopted by the stockholders, the Board of Directors or any committee of the Board of Directors of any of the Parent Entities;

(b) contravene, conflict with or result in a violation of, any Legal Requirement or any Order to which any of the Parent Entities, or any of the assets owned or used by any of the Parent Entities, is subject;

(c) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by any of the Parent Entities or that otherwise relates to the business of any of the Parent Entities or to any of the assets owned or used by any of the Parent Entities;

(d) contravene, conflict with or result in a violation or breach of, or result in a default under, any provision of any Parent Material Contract, or give any Person the right to: (i) declare a default or exercise any remedy under any such Parent Material Contract; (ii) a rebate, chargeback, penalty or change in delivery schedule under any such Parent Material Contract; (iii) accelerate the maturity or performance of any such Parent Material Contract; or (iv) cancel, terminate or modify any right, benefit, obligation or other term of such Parent Material Contract;

(e) result in the imposition or creation of any Encumbrance upon or with respect to any tangible asset owned or used by any of the Parent Entities (except for the Parent Permitted Encumbrances; or

(f) result in the disclosure or delivery to any escrow holder or other Person of any material Parent IP (including Parent Source Code), or the transfer of any asset of any of the Parent Entities to any Person.

Except as may be required by the Securities Act, state securities laws, the Exchange Act, FINRA, and the DGCL, none of the Parent Entities was, is or will be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with: (x) the execution, delivery or performance of this Agreement; or (y) the consummation of the Merger or any of the other Contemplated Transactions.

3.21 No Financial Advisor. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Merger or any of the other Contemplated Transactions based upon arrangements made by or on behalf of any of the Parent Entities.

3.22 Merger Sub. Merger Sub was formed solely for the purpose of engaging in the Contemplated Transactions, has no assets or Liabilities (other than obligations under this Agreement) and has not engaged in any business activities or conducted any operations other than in connection with the Contemplated Transactions. Parent has delivered to the Company true, complete and correct copies of the articles of incorporation and bylaws of Merger Sub and any other agreement or contract of any kind to which Merger Sub is a party or by which it is bound.

3.23 Valid Issuance. The Aggregate Merger Consideration to be issued in the Merger has been duly authorized and will, when issued in accordance with the provisions of this Agreement, be validly issued, fully paid and non-assessable.

3.24 Exclusivity of Representations and Warranties. Notwithstanding the delivery or disclosure to the Company or its officers, directors, employees, agents or other representatives of any documentation or other information (including any financial projections or other supplemental data), except for the representations and warranties made by the Parent and Merger Sub in this Article 3, Parent and Merger Sub expressly disclaim any representations or warranties of any kind or nature, whether written or oral, express or implied, as to the condition, value or quality of the securities or businesses or assets of Parent or any of its Affiliates, and Parent and Merger Sub specifically disclaim any representation or warranty of merchantability, usage, suitability or fitness for any particular purpose with respect to such assets, any part thereof, the workmanship thereof, and the absence of any defects therein, whether latent or patent, it being understood that except as set forth in Article 3, such assets are being acquired "as is, where is" on the Closing Date, and in their present condition, and the Company shall rely on its own examination and investigation thereof as well as the representations and warranties of Parent and Merger Sub set forth in this Agreement. The representations and warranties of Parent and Merger Sub contained in this Article 3 are the only representations and warranties made by Parent and Merger Sub or any Affiliate of Parent in connection with the transactions contemplated by this Agreement and supersede any and all previous written and oral statements, if any, made by Parent, Merger Sub, any Affiliate of Parent or any of their representatives.

ARTICLE 4.
CERTAIN COVENANTS OF THE PARTIES

4.1 Access and Investigation. During the period commencing on the date of this Agreement and ending as of the earlier of the Effective Time or the termination of this Agreement in accordance with Article 8 (the "***Pre-Closing Period***"), subject to applicable Legal Requirements (including attorney-client privilege and work product doctrine) and the terms of any confidentiality restrictions under Contracts of a party as of the date hereof, upon reasonable notice the Company and Parent shall each, and shall cause each of their respective Subsidiaries to: (a) provide the Representatives of the other party with reasonable access during normal business hours to its personnel, tax and accounting advisers and assets and to all existing books, records, Tax Returns, and other documents and information relating to such Entity or any of its Subsidiaries, in each case as reasonably requested by Parent or the Company and in such manner as shall not unreasonably interfere with the business or operations of the party providing such access, as the case may be; and (b) provide the Representatives of the other party with such copies of the existing books, records, Tax Returns, and other documents and information relating to such Entity and its Subsidiaries as reasonably requested by Parent or the Company, as the case may be. During the Pre-Closing Period, the Company shall, and shall cause the Representatives of each of the Company Entities to, permit Parent's senior officers to meet, upon reasonable notice and during normal business hours, with the Chief Financial Officer and other officers of the Company responsible for the Company's financial statements and the internal controls of the Company Entities to discuss such matters as Parent may deem necessary or appropriate in order to enable Parent to satisfy its post-Closing obligations under the Sarbanes-Oxley Act and the rules and regulations relating thereto. During the Pre-Closing Period, Parent shall, and shall cause the Representatives of each of Parent to, permit the Company's senior officers to meet, upon reasonable notice and during normal business hours, with the Chief Financial Officer and other officers of Parent responsible for the Parent's financial statements and the internal controls of the Parent Entities to discuss such matters as the Company may deem necessary or appropriate in order to enable post-closing management of Parent and the Surviving Corporation to satisfy its post-Closing obligations under the Sarbanes-Oxley Act and the rules and regulations relating thereto. Without limiting the generality of any of the foregoing, during the Pre-Closing Period, subject to applicable Legal Requirements, the Company and Parent shall each promptly provide the other with copies of any notice, report or other document filed with or sent to any Governmental Body on behalf of any of the Company Entities or Parent or Merger Sub in connection with the Merger or any of the other Contemplated Transactions.

4.2 Operation of the Business of the Company Entities.

(a) During the Pre-Closing Period, except as set forth in Part 4.2(a) of the Company Disclosure Schedule, as otherwise contemplated by this Agreement, as required by Legal Requirements or to the extent that Parent shall otherwise consent in writing: (i) the Company shall ensure that each of the Company Entities conducts its business and operations in the ordinary course and in accordance in all material respects with past practices; (ii) the Company shall use commercially reasonable efforts to attempt to ensure that each of the Company Entities preserves intact the material components of its current business organization, keeps available the services of its current officers and key employees and maintains its relations and goodwill with all material suppliers, material customers, material licensors and Governmental Bodies; and (iii) the Company shall promptly notify Parent following its becoming aware of any Legal Proceeding commenced, or, to the Company's Knowledge, either: (A) with respect to a Governmental Body, overtly threatened; or (B) with respect to any other Person, threatened in writing, in either case of clause "(A)" or "(B)" of this sentence, against, involving or that would reasonably be expected to affect any of the Company Entities and that relates to any of the Contemplated Transactions.

(b) Except as set forth in Part 4.2(b) of the Company Disclosure Schedule, as otherwise contemplated by this Agreement (including, without limitation, Section 5.1(a) hereof) or as required by Legal Requirements, during the Pre-Closing Period, the Company shall not (without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed), and the Company shall ensure that each of the other Company Entities does not (without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed):

(i) declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock, or repurchase, redeem or otherwise reacquire any shares of capital stock or other securities;

(ii) sell, issue, grant or authorize the sale, issuance or grant of: (A) any capital stock or other security; (B) any option, call, warrant or right to acquire any capital stock or other security (or whose value is directly related to shares of Company Common Stock); or (C) any instrument convertible into or exchangeable for any capital stock or other security (except that the Company may issue shares of Company Common Stock upon the valid exercise of Company Warrants outstanding as of the date of this Agreement);

(iii) amend or permit the adoption of any amendment to its certificate of incorporation or bylaws or other charter or organizational documents;

(iv) (A) acquire any equity interest or other interest in any other Entity; (B) form any Subsidiary; or (C) effect or become a party to any merger, consolidation, share exchange, business combination, amalgamation, recapitalization, reclassification of shares, stock split, reverse stock split, division or subdivision of shares, consolidation of shares or similar transaction;

(v) agree or commit to take any of the actions described in clauses "(i)" through "(iv)" of this Section 4.2(b).

Parent shall be deemed to have consented to any request to take the foregoing actions if Parent is notified in writing of such request and fails to respond to such request within two business days.

(c) During the Pre-Closing Period, the Company shall promptly notify Parent in writing of any event, condition, fact or circumstance that would reasonably be expected to make the timely satisfaction of any of the conditions set forth in Article 6 impossible or that has had or would reasonably be expected to have or result in a Company Material Adverse Effect. No notification given to Parent pursuant to this Section 4.2(c) shall limit or otherwise affect any of the representations, warranties, covenants or obligations of the Company contained in this Agreement.

4.3 Operation of the Business of the Parent Entities.

(a) During the Pre-Closing Period, except as set forth in Part 4.3(a) of the Parent Disclosure Schedule, as otherwise contemplated by this Agreement, as required by Legal Requirements or to the extent that the Company shall otherwise consent in writing: (i) Parent shall ensure that each of the Entities conducts its business and operations in the ordinary course and in accordance in all material respects with past practices or as disclosed in the Parent SEC Documents; and (ii) Parent shall promptly notify Company following its becoming aware of any Legal Proceeding commenced, or, to Parent's Knowledge, either: (A) with respect to a Governmental Body, overtly threatened; or (B) with respect to any other Person, threatened in writing, in either case of clause "(A)" or "(B)" of this sentence, against, involving or that would reasonably be expected to affect any of the Parent Entities and that relates to any of the Contemplated Transactions.

(b) Except as set forth in Part 4.3(b) of the Parent Disclosure Schedule, as otherwise contemplated by this Agreement or as required by Legal Requirements, during the Pre-Closing Period, Parent shall not (without the prior written consent of Company, which consent shall not be unreasonably withheld, conditioned or delayed), and Parent shall ensure that each of the other Parent Entities does not (without the prior written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed):

(i) declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock, or repurchase, redeem or otherwise reacquire any shares of capital stock or other securities, other than in connection with the withholding of shares of Parent Common Stock to satisfy Tax obligations with respect to the exercise, vesting or settlement of Parent Equity Awards;

(ii) sell, issue, grant or authorize the sale, issuance or grant of: (A) any capital stock or other security; (B) any option, call, warrant or right to acquire any capital stock or other security (or whose value is directly related to shares of Parent Common Stock); or (C) any instrument convertible into or exchangeable for any capital stock or other security (except that Parent (1) may grant further share awards authorized under the Parent Equity Plan as in effect on the date of this Agreement and (2) may issue shares of Parent Common Stock upon the valid exercise of Parent Options and Parent Warrants outstanding as of the date of this Agreement);

(iii) amend, waive any of its rights under or, except as contemplated by the terms of the Parent Equity Plans, Parent Equity Award agreements or any applicable employment agreement, in each case as in effect as of the date of this Agreement, accelerate the vesting under, any provision of the Parent Equity Plan or any provision of any agreement evidencing any outstanding Parent Equity Award except for the acceleration of the Parent Options set forth on Part 3.3(b) of the Parent Disclosure Schedule, or otherwise modify any of the terms of any outstanding Parent Equity Award, Parent Warrant or other security or any related Contract;

(iv) amend or permit the adoption of any amendment to its articles of incorporation or bylaws or other charter or organizational documents; or

(v) agree or commit to take any of the actions described in clauses "(i)" through "(iv)" of this Section 4.3(b).

(c) During the Pre-Closing Period, Parent shall promptly notify the Company in writing of any event, condition, fact or circumstance that would reasonably be expected to make the timely satisfaction of any of the conditions set forth in Article 7 impossible or that has had or would reasonably be expected to have or result in a Parent Material Adverse Effect. No notification given to the Company pursuant to this Section 4.3(c) shall limit or otherwise affect any of the representations, warranties, covenants or obligations of Parent contained in this Agreement.

4.4 No Solicitation.

(a) From the date hereof until the Effective Time or, if earlier, the termination of this Agreement in accordance with its terms, the Company shall not, directly or indirectly, shall cause its Subsidiaries and the respective officers, employees directors and financial advisers of the Company Entities to not, directly or indirectly, and shall use its reasonable best efforts to ensure that the other Representatives of the Company Entities do not, directly or indirectly:

(i) solicit, initiate, knowingly encourage or knowingly facilitate the making, submission or announcement of any Acquisition Proposal with respect to a Company Entity or Acquisition Inquiry with respect to a Company Entity;

(ii) furnish any information regarding any of the Company Entities to any Person in connection with or in response to an Acquisition Proposal with respect to a Company Entity or Acquisition Inquiry with respect to a Company Entity;

(iii) engage in discussions or negotiations with any Person relating to any Acquisition Proposal with respect to a Company Entity or Acquisition Inquiry with respect to a Company Entity;

(iv) approve, endorse or recommend any Acquisition Proposal with respect to a Company Entity or Acquisition Inquiry with respect to a Company Entity or any Person or group becoming the beneficial owner of more than 5% of the equity securities of a Company Entity; or

(v) enter into any letter of intent or similar document or any Contract (other than a confidentiality agreement on the terms described below) contemplating or otherwise relating to any Acquisition Transaction with respect to a Company Entity.

(b) The Company shall promptly (and in no event later than 24 hours after receipt of any Acquisition Proposal or Acquisition Inquiry with respect to a Company Entity advise the Parent orally and in writing of any such Acquisition Proposal or Acquisition Inquiry (including the identity of the Person making or submitting such Acquisition Proposal or Acquisition Inquiry and the terms thereof and copies of all correspondence and other written material sent or provided to such party in connection therewith) that is made or submitted by any Person during the Pre-Closing Period. The Company shall keep the Parent reasonably informed with respect to: (i) the status of any such Acquisition Proposal or Acquisition Inquiry; and (ii) the status and terms of any material modification or proposed material modification thereto.

(c) The Company shall immediately cease and cause to be terminated any discussions existing as of the date of this Agreement with any Person that relate to any Acquisition Proposal or Acquisition Inquiry and shall cause any such Person to promptly return to the Company any confidential information provided to such party (or certify in writing to the destruction of such information).

ARTICLE 5.
ADDITIONAL COVENANTS OF THE PARTIES

5.1 Derivative Securities; Benefit Plans.

(a) The Company shall take (or cause to be taken) all actions necessary or appropriate to (i) effectuate the provisions of Section 1.9 – Section 1.11; and (iii) cause, prior to the Closing, the termination and cancellation of any securities exercisable, convertible into or otherwise exchangeable into shares of equity securities of the Company, whether by way of exercise, conversion, surrender or exchange for shares of Company Common Stock or otherwise.

(b) The Company shall take (or cause to be taken) all actions necessary or appropriate to terminate, effective no later than the day prior to the date on which the Merger becomes effective, any Company Employee Plan that contains a cash or deferred arrangement intended to qualify under Section 401(k) of the Code (a "***Company 401(k) Plan***"). The Company shall provide to Parent prior to the Closing Date written evidence of the adoption by the Company Board of resolutions authorizing the termination of such Company 401(k) Plan (the form and substance of which resolutions shall be subject to the reasonable review of Parent).

5.2 Indemnification of Officers and Directors.

(a) For a period of six years after the Effective Time, Parent shall cause the Surviving Corporation and its Subsidiaries to indemnify their respective current or former directors and officers and any Person who becomes a director or officer of any of the Company Entities prior to the Effective Time (the "***Indemnified Parties***") to the fullest extent that applicable Legal Requirements permit a company to indemnify its own directors and officers and in compliance with any agreements related to such indemnification that are in effect as of the date hereof, including any provision therein relating to advancement of expenses.

(b) Parent shall at all times continue to maintain directors' and officers' liability insurance following the Effective Time with such coverage limits and other terms as are deemed reasonable by the Parent Board.

(c) The obligations under this Section 5.2 shall not be terminated, amended or otherwise modified in such a manner as to adversely affect any Indemnified Party (and any of such person's heirs and representatives)) without the prior written consent of such affected Indemnified Party (or such Person's heirs and representatives).

(d) In the event that Parent, the Surviving Corporation or any of their respective Subsidiaries (or any of their respective successors or assigns) shall consolidate or merge with any other Person and shall not be the continuing or surviving corporation or entity in such consolidation or merger, then in each case, to the extent necessary to protect the rights of the Indemnified Parties, proper provision shall be made so that the continuing or surviving corporation or entity (or its successors or assigns, if applicable) shall assume the obligations set forth in this Section 5.2.

(e) Parent shall enter into indemnification agreements with each director and officer of Parent as of the date hereof, pursuant to which, among other things, Parent shall indemnify such directors and officers to the fullest extent that applicable Legal Requirements permit a company to indemnify its own directors and officers, and permit advancement of expenses therefor.

5.3 Regulatory Approvals and Related Matters.

(a) Upon the terms and subject to the conditions set forth in this Agreement (including those contained in this Section 5.3), each of the parties hereto shall, and shall cause its Subsidiaries to, use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, and to satisfy all conditions to, in the most expeditious manner practicable, the Contemplated Transactions, including (i) the obtaining of all necessary permits, waivers, consents, approvals and actions or non-actions from Governmental Bodies and the making of all necessary registrations and filings (including filings with Governmental Bodies) and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Body, (ii) the obtaining of all necessary consents or waivers from third parties, and (iii) the execution and delivery of any additional instruments necessary to consummate the Merger and to fully carry out the Contemplated Transactions. Parent will take all action necessary to cause Merger Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement. The Company and Parent shall, subject to applicable legal Requirements, promptly (x) cooperate and coordinate with the other in the taking of the actions contemplated by clauses (i), (ii) and (iii) immediately above and (y) supply the other with any information that may be reasonably required in order to effectuate the taking of such actions. Each party hereto shall promptly inform the other party or parties hereto, as the case may be, of any communication from any Governmental Body regarding any of the Contemplated Transactions. If the Company or Parent receives a request for additional information or documentary material from any Governmental Body with respect to the Contemplated Transactions, then it shall use reasonable best efforts to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request, and, if permitted by Legal Requirements and by any applicable Governmental Body, provide the other party's counsel with advance notice and the opportunity to attend and participate in any meeting with any Governmental Body in respect of any filing made thereto in connection with the Contemplated Transactions.

(b) In the event that any administrative or judicial action or proceeding is instituted (or threatened to be instituted) by a Governmental Body or private party challenging the Merger or the Contemplated Transactions, or any other agreement contemplated hereby, each of the parties shall cooperate in all respects and shall use its reasonable best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Contemplated Transactions.

5.4 Disclosure. Parent and the Company shall consult with each other before issuing a joint press release announcing the signing of this Amended and Restated Agreement, Parent's Current Report on Form 8-K reporting this Amended and Restated Agreement and any further press release or otherwise making any public statement, and shall not issue any such press release or make any such public statement without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld, delayed or conditioned. The Company shall consult with Parent and consider the views and comments of Parent before any of the Company Entities or any of their Representatives sends any emails or other documents to the Company Associates generally or otherwise communicates with the Company Associates generally, with respect to the Merger or any of the other Contemplated Transactions. Parent shall consult with the Company and consider the views and comments of the Company before any of the Parent Entities or any of their Representatives sends any emails or other documents to the Parent Associates generally or otherwise communicates with the Parent Associates generally, with respect to the Merger or any of the other Contemplated Transactions. Notwithstanding the foregoing, (i) each party may, without such consultation or consent, make any public statement in response to questions from the press, analysts, investors or those attending industry conferences and make internal announcements to employees, so long as such statements are consistent with previous press releases, public disclosures or public statements made jointly by the parties (or individually, if approved by the other party); (ii) the Company need not consult with Parent in connection with any press release, public statement or filing to be issued or made with respect to any Acquisition Proposal relating to any Company Entities; and (iii) Parent need not consult with the Company in connection with any press release, public statement or filing to be issued or made pursuant to securities Legal Requirements or listing regulations.

5.5 Reorganization.(a) Parent and Merger Sub shall use their respective good faith, commercially reasonable efforts to cause the Merger to be treated as, and will not take any actions (including after the Effective Time) that could reasonably be expected to prevent the Merger from qualifying as, a tax-free reorganization pursuant to Section 368(a) of the Code.

(b) This Agreement is intended to constitute, and the parties hereto hereby adopt this Agreement as, a "plan of reorganization" within the meaning of Treasury Regulation Section 1.368-2(g) and 1.368-3(a). Parent, Merger Sub and the Company shall report the Merger as a reorganization within the meaning of Section 368(a) of the Code, unless otherwise required pursuant to a "determination" within the meaning of, and as described in, Section 1313(a)(1) of the Code.

5.6 Company Stockholders' Meeting. The Company shall, in accordance with the DGCL and its certificate of incorporation and bylaws, duly call, give notice of, convene and hold a special meeting of Company stockholders (the "***Company Stockholder Meeting***") as promptly as practicable after the date of this Amended and Restated Agreement for the purpose of considering and taking action upon this Agreement, the Merger and the other Contemplated Transactions (the "***Company Stockholder Consent***"). Alternatively, the Company shall use its best efforts to obtain, in lieu of holding the Company Stockholder Meeting, the written consent of Company stockholders necessary under its certificate of incorporation, bylaws and the DGCL to obtain the Company Stockholder Consent).

5.7 Parent Stockholders' Meeting. Parent shall, in accordance with the DGCL and its certificate of incorporation and bylaws, duly call, give notice of, convene and hold a special meeting of Parent stockholders (the "***Parent Stockholder Meeting***") as promptly as practicable after the date of this Amended and Restated Agreement for the purpose of considering and taking action to approve each of the following items (collectively, the "***Parent Stockholder Consent***"): (i) this Agreement, the Merger and the other Contemplated Transactions, (ii) an amendment to Parent's Certificate of Incorporation to increase the number of authorized shares of Parent Common Stock from 50,000,000 to 100,000,000 (the "***Common Stock Increase***"), (iii) an amendment to Parent's Certificate of Incorporation to establish a classified Board of Directors (the "***Staggered Board***"), and (iv) an amendment to Precision's Amended and Restated Bylaws to establish the Staggered Board.

5.8 Obligations of Merger Sub. Parent shall take all action necessary to cause Merger Sub and, after the Effective Time, the Surviving Corporation to perform their respective obligations under this Agreement and to consummate the Contemplated Transactions upon the terms and subject to the conditions set forth in this Agreement.

5.9 Resignation of Company Directors. The Company shall use commercially reasonable efforts to obtain and deliver to Parent at or prior to the Effective Time the resignation of each director of the Company, effective as of the Effective Time (it being understood that such resignation shall not constitute a voluntary termination of employment under any Company Employee Agreement or Company Employee Plan applicable to such individual's status as a director of a Company Entity).

5.10 Parent Disclosure Documents.

(a) Company Information. None of the information to be supplied by or on behalf of the Company in writing for inclusion or incorporation by reference into any prospectus or prospectus supplement to a registration statement of Parent, any offering memorandum of Parent in connection with a private offering of securities or any proxy or information statement to any holders of Company Stock describing the Merger (any of such documents are referred to as "***Parent Disclosure Documents***") will, at the time any such prospectus or prospectus supplement is filed with the SEC or at the time it becomes effective under the Securities Act or at the time any Parent Disclosure Document is first delivered, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. Notwithstanding the foregoing, no representation or warranty is made by the Company with respect to statements made or incorporated by reference in any prospectus or prospectus supplement to the Registration Statement or the proxy or information statement based on information supplied by any party other than any Company Entity for inclusion or incorporation by reference in any Parent Disclosure Document.

(b) Parent Information. None of the information to be supplied by or on behalf of the Parent in writing for inclusion or incorporation by reference into any Parent Disclosure Document will, at the time any such prospectus or prospectus supplement is filed with the SEC or at the time it becomes effective under the Securities Act, or at the time the Parent Disclosure Document is first delivered, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. Notwithstanding the foregoing, no representation or warranty is made by the Parent or Merger Sub with respect to statements made or incorporated by reference in any prospectus or prospectus supplement to the Registration Statement or the proxy or information statement based on information supplied by any party other than any Parent Entity for inclusion or incorporation by reference in the prospectus or prospectus supplement to the Registration Statement or the proxy or information statement.

5.11 [Reserved.]

5.12 Internal Controls. If, during the Pre-Closing Period, the Company or the Company's auditors identify any material weaknesses (or a series of control deficiencies that collectively are deemed to constitute a material weakness) in the effectiveness of the Company's internal control over financial reporting, then the Company shall promptly notify Parent thereof and use its commercially reasonable efforts during the Pre-Closing Period to rectify such material weakness or series of control deficiencies, as the case may be. If, during the Pre-Closing Period, Parent or Parent's auditors identify any material weaknesses (or a series of control deficiencies that collectively are deemed to constitute a material weakness) in the effectiveness of Parent's internal control over financial reporting, then Parent shall promptly notify the Company thereof and use its commercially reasonable efforts during the Pre-Closing Period to rectify such material weakness or series of control deficiencies, as the case may be.

5.13 Takeover Statutes. If any "control share acquisition," "fair price," "moratorium" or other anti-takeover Legal Requirement becomes or is deemed to be applicable to the Company, Parent, Merger Sub, the Merger or any other of the Contemplated Transactions, then each of the Company, Parent, Merger Sub, and their respective Boards of Directors shall grant such approvals and take such actions as are necessary so that the Contemplated Transactions may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to render such anti-takeover Law inapplicable to the foregoing.

5.14 Supplement to Disclosure Schedules. Each party (for purposes of this Section 5.14, the "***Disclosing Party*** ") shall promptly notify the other party in writing of any fact or circumstance that would cause any of the Disclosing Party's representations, warranties or covenants in this Agreement or any Schedule hereto, to be untrue or incomplete in any respect, or would cause the Disclosing Party to be unable to deliver the certificate required under Section 6.3 or Section 7.3(a), as applicable, and the Disclosing Party shall promptly deliver to the other party an updated version of any applicable Section of the Disclosing Party's Disclosure Schedule or add a new Schedule to this Agreement to which such fact or circumstance relates (the "***Updated Disclosure Schedule***"). Upon delivery of the Updated Disclosure Schedule, the Updated Disclosure Schedule shall thereafter be deemed to qualify the representation and warranty to which it relates.

5.15 Listing of Parent Common Stock. Parent shall take all steps necessary to cause the shares of Parent Common Stock issuable in the Merger (directly or upon the exercise of any Parent Option or Parent Warrant, or in accordance with any Conversion and Exchange Agreement, or upon conversion of the Parent Series D Preferred Stock), to be listed on Nasdaq. The Company and Stockholder Representative will cooperate and take all reasonable steps necessary to assist with the listing of such shares.

5.16 Registration Statement, Prospectus and Proxy Statement.

(a) As promptly as practicable after the execution and delivery of this Amended and Restated Agreement, Parent and the Company shall prepare, and Parent shall file with the SEC, a Registration Statement on Form S-4 in connection with the issuance of shares of Parent Common Stock in the Merger (as may be amended or supplemented from time to time, the "***Registration Statement***"). The Registration Statement shall include (i) a prospectus for the issuance of shares of Parent Common Stock in the Merger (the "***Prospectus***"), and (ii) a joint proxy statement of Parent and the Company for use in connection with the solicitation of proxies for the vote to obtain the (A) Parent Stockholder Consent to be considered at the Parent Stockholder Meeting, and (B) Company Stockholder Consent to be considered at the Company Stockholder Meeting (the "***Proxy Statement***"). Each of Parent and the Company shall use its reasonable best efforts to have the Registration Statement declared effective by the SEC under the Securities Act as promptly as practicable after such filing with the SEC. Without limiting the generality of the foregoing, each of Parent and the Company shall, and shall cause its respective representatives to, fully cooperate with the other party hereto and its respective Representatives in the preparation of the Registration Statement, the Prospectus, and the Proxy Statement, and shall furnish the other party hereto with all information concerning it and its Affiliates as the other party hereto may deem reasonably necessary or advisable in connection with the preparation of the Registration Statement, the Prospectus, and the Proxy Statement, and any amendment or supplement thereto, and each of Parent and the Company shall provide the other party hereto with a reasonable opportunity to review and comment thereon. As promptly as practicable after the Registration Statement is declared effective by the SEC, Parent and the Company shall cause the Prospectus and Proxy Statement to be mailed to its respective stockholders.

(b) The Registration Statement, the Prospectus, and the Proxy Statement shall comply in all material respects as to form and substance with the requirements of the Securities Act and the Exchange Act. Without limiting the generality of the foregoing, the information supplied or to be supplied by either party hereto for inclusion or incorporation by reference in the Registration Statement shall not, at the time the Registration Statement is filed with the SEC or declared effective by the SEC or at the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The information supplied or to be supplied by either party hereto for inclusion or incorporation by reference in the Prospectus or the Proxy Statement shall not, on the date the Prospectus and Proxy Statement (or any amendment thereof or supplement thereto) is first mailed to stockholders, at the time of each of the Parent Stockholder Meeting, or as of the Effective Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. In addition, the information supplied or to be supplied by or on behalf of either party hereto for inclusion in any filing pursuant to Rule 165 and Rule 425 under the Securities Act or Rule 14a-12 under the Exchange Act (each, a "***Regulation M-A Filing***") shall not, at the time any such Regulation M-A Filing is filed with the SEC, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) Without limiting the foregoing, prior to the Effective Time (i) Parent and the Company shall notify each other as promptly as practicable upon becoming aware of any event or circumstance which should be described in an amendment of, or supplement to, the Registration Statement, the Prospectus, the Proxy Statement or any Regulation M-A Filing so that any such document would not include any misstatement of material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading, and as promptly as practicable thereafter, an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and, to the extent required by applicable Legal Requirements or the SEC, disseminated to the stockholders of Parent. Parent and the Company shall each notify the other as promptly as practicable after the receipt by such party of any written or oral comments of the SEC or its staff on, or of any written or oral request by the SEC or its staff for amendments or supplements to, the Registration Statement, the Prospectus, the Proxy Statement or any Regulation M-A Filing, and shall promptly supply the other with copies of all correspondence between it or any of its representatives and the SEC or its staff with respect to any of the foregoing filings.

(d) Parent shall make any necessary filings with respect to the Merger under the Securities Act and the Exchange Act and the rules and regulations thereunder. In addition, Parent shall use reasonable best efforts to take all actions required under any applicable federal or state securities or Blue Sky Laws in connection with the issuance of shares of Parent Common Stock in the Merger.

(e) As a condition to receiving their Merger Shares, the holders of Company Common Stock who receive Merger Shares as a result of the Merger shall agree (i) not to sell or otherwise transfer the Merger Shares for 90 days after the Closing, and (ii) with respect to any holders (or groups of affiliated holders) who receive at least 200,000 Merger Shares, thereafter not to sell in any three month period shares representing more than one percent (1%) of the outstanding common stock of Parent; provided, that all of such restrictions will lapse one year after the Closing.

ARTICLE 6.
CONDITIONS PRECEDENT TO OBLIGATIONS OF PARENT AND MERGER SUB

The obligations of Parent and Merger Sub to cause the Merger to be effected and otherwise cause the Contemplated Transactions to be consummated are subject to the satisfaction or written waiver by Parent, at or prior to the Closing, of each of the following conditions:

6.1 Accuracy of Representations.

(a) Each of the Company Fundamental Representations shall have been accurate in all respects as of the date of this Agreement and shall be accurate in all respects as of the Closing Date as if made on and as of the Closing Date (except for any such representations and warranties made as of a specific date, which shall have been accurate in all respects as of such date).

(b) Each of the representations and warranties of the Company (other than the Company Fundamental Representations) shall have been accurate in all respects as of the date of this Agreement and shall be accurate in all material respects as of the Closing Date as if made on and as of the Closing Date (except for any such representations and warranties made as of a specific date, which shall have been accurate in all material respects as of such date); *provided, however*, that: for purposes of determining the accuracy of such representations and warranties as of the Closing Date all other materiality qualifications limiting the scope of such representations and warranties shall be disregarded.

6.2 Performance of Covenants. The covenants and obligations in this Agreement that the Company is required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

6.3 Bring-Down. Parent and Merger Sub shall have received a certificate executed by the Chief Executive Officer and Chief Financial Officer of the Company confirming that the conditions set forth in Sections 6.1, 6.2, 6.4 and 6.10 have been duly satisfied.

6.4 No Company Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Company Material Adverse Effect which has not been cured, and no event shall have occurred or circumstance shall exist that, in combination with any other events or circumstances then in existence, would reasonably be expected to have or result in a Company Material Adverse Effect.

6.5 No Restraints. No temporary restraining order, preliminary or permanent injunction or other Order preventing the consummation of the Merger shall have been issued by any court of competent jurisdiction or other Governmental Body and remain in effect, and there shall not be any Legal Requirement enacted or deemed applicable to the Merger that would cause the consummation of the Merger to violate any Legal Requirement.

6.6 Derivative Actions. There shall exist no Legal Proceeding by one or more stockholders of the Company that that (a) has resulted or is reasonably likely to result in the issuance of any temporary or permanent injunction binding on Parent, Merger Sub or the Company, or (b) has resulted or is reasonably likely to result in any preliminary or permanent determination of Liability against the Parent, Merger Sub or the Company.

6.7 Company Dissenters. There shall be no Company Dissenting Shares.

6.8 Company Accounts Payable. The Company shall have delivered to Parent a true and complete copy of all outstanding accounts payable of the Company Entities as of the Closing Date.

6.9 Conversion and Exchange Agreements. The Company shall have delivered to Parent counterparts to Conversion and Exchange Agreements pursuant to which holders of Company Notes Payable have agreed to convert in the aggregate 75% of the total Indebtedness under the Company Notes Payable into shares of Parent Common Stock.

6.10 No Company Adverse Contract Notice. The Company shall not have received any Company Adverse Contract Notice between the date hereof and the Closing Date.

6.11 Company Stockholder Consent. The Company Stockholder Consent shall have been obtained and the Company shall have delivered to Parent evidence thereof that is reasonably acceptable to Parent.

6.12 Parent Stockholder Consent. The Parent Stockholder Consent shall have been obtained.

6.13 NASDAQ. Parent shall have received from NASDAQ evidence that the staff of NASDAQ has approved the Merger and related transactions. NASDAQ shall also have approved the listing of the shares of Parent Common Stock being issued in the Merger.

6.14 Effectiveness of the Registration Statement. The Registration Statement shall have been declared effective by the SEC under the Securities Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceeding for that purpose, and no similar proceeding in respect of the Prospectus and/or Proxy Statement, shall have been initiated or threatened in writing by the SEC.

6.15 Employment Agreements. Certain employees of the Company and/or its subsidiaries designated by Parent and the Company shall have entered into acceptable employment and non-competition agreements with Parent to be effective as of the Effective Time.

6.16 Due Diligence. Parent shall be satisfied in its sole discretion with the results of its due diligence regarding the Company Entities and the contents of the Company Disclosure Schedule.

6.17 Escrow Agreement. The Prior Escrow shall have been amended or superseded to reflect the terms of the Transaction Escrow upon terms and conditions consistent with this Agreement and satisfactory to Parent.

6.18 Certificate of Designation. The Parent shall have filed the Certificate of Designation attached hereto as Exhibit C with the Office of the Delaware Secretary of State, and such Certificate shall have been accepted by such office.

6.19 Amendment of Parent Certificate of Incorporation. The Parent shall have filed an Amendment to the Parent Certificate of Incorporation with the Office of the Delaware Secretary of State in order to effectuate the Common Stock Increase and Staggered Board, and such Amendment shall have been accepted by such office.

6.20 Resale Restriction on Merger Shares. The holders of Company Common Stock who receive Merger Shares as a result of the Merger shall agree to the resale restrictions set forth in Section 5.16(e).

ARTICLE 7.
CONDITIONS PRECEDENT TO OBLIGATION OF THE COMPANY

The obligation of the Company to effect the Merger and otherwise consummate the Contemplated Transactions is subject to the satisfaction or written waiver by the Company, at or prior to the Closing, of the following conditions:

7.1 Accuracy of Representations.

(a) Each of the Parent Fundamental Representations shall have been accurate in all respects as of the date of this Agreement and shall be accurate in all respects as of the Closing Date as if made on and as of the Closing Date (except for any such representations and warranties made as of a specific date, which shall have been accurate in all material respects as of such date); *provided, however,* that, all changes in the capital structure resulting from the exercise of Parent Options, Parent Warrants or other convertible securities pursuant to their terms or as contemplated by this Agreement shall be disregarded.

(b) Each of the representations and warranties of Parent and Merger Sub (other than the Parent Fundamental Representations) shall have been accurate in all respects as of the date of this Agreement and shall be accurate in all material respects as of the Closing Date as if made on and as of the Closing Date (except for any such representations and warranties made as of a specific date, which shall have been accurate in all respects as of such date); *provided, however,* that: for purposes of determining the accuracy of such representations and warranties as of the Closing Date, all materiality qualifications limiting the scope of such representations and warranties shall be disregarded.

7.2 Performance of Covenants. The covenants and obligations in this Agreement that Parent and Merger Sub are required to comply with or to perform at or prior to the Closing shall have been complied with and performed in all material respects.

7.3 Documents. The Company shall have received the following documents:

(a) a certificate executed by an executive officer of Parent confirming that the conditions set forth in Sections 7.1, 7.2, 7.4 and 7.9 have been duly satisfied.

7.4 No Parent Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any Parent Material Adverse Effect which has not been cured, and no event shall have occurred or circumstance shall exist that, in combination with any other events or circumstances, then in existence would reasonably be expected to have or result in a Parent Material Adverse Effect.

7.5 No Restraints. No temporary restraining order, preliminary or permanent injunction or other Order preventing the consummation of the Merger shall have been issued by any court of competent jurisdiction or other Governmental Body and remain in effect, and there shall not be any Legal Requirement enacted or deemed applicable to the Merger that would cause the consummation of the Merger to violate any Legal Requirement.

7.6 Derivative Actions. There shall exist no legal action by one or more stockholders of Parent that (a) has resulted or is reasonably likely to result in the issuance of any temporary or permanent injunction binding on Parent, Merger Sub or the Company, or (b) has resulted or is reasonably likely to result in any preliminary or permanent determination of Liability in an amount in excess of $100,000 against the Parent, Merger Sub or the Company.

7.7 Company Employee Options. The grant of the Company Employee Options shall have been approved, which approval shall not have been revoked or amended, and Parent shall have delivered to the Company Stockholder Representative award agreements, each in accordance with Section 1.9.

7.8 Company Dissenters. There shall be no Company Dissenting Shares.

7.9 No Parent Adverse Contract Notice. The Parent shall not have received any Parent Adverse Contract Notice between the date hereof and the Closing Date.

7.10 Company Stockholder Consent. The Company Stockholder Consent shall have been obtained.

7.11 Parent Stockholder Consent. The Parent Stockholder Consent shall have been obtained and the Parent shall have delivered to Company evidence thereof that is reasonably acceptable to Company.

7.12 NASDAQ. Parent shall have caused the shares of Parent Common Stock which comprise a portion of the Merger Consideration, and any shares of Parent Common Stock that are subject to Parent Options issued to any employee, stockholder or Affiliate of the Company in connection with the Merger, to be listed on NASDAQ. Parent shall have delivered to the Company evidence that the staff of NASDAQ has approved the Merger and related transactions.

7.13 Effectiveness of the Registration Statement. The Registration Statement shall have been declared effective by the SEC under the Securities Act. No stop order suspending the effectiveness of the Registration Statement shall have been issued by the SEC and no proceeding for that purpose, and no similar proceeding in respect of the Prospectus and/or Proxy Statement, shall have been initiated or threatened in writing by the SEC.

7.14 Legal Opinion. The Company shall have received a legal opinion in a form reasonably acceptable to the Company that the Merger qualifies as tax-free reorganization under the provisions of the Code.

7.15 Due Diligence. The Company shall be satisfied in its sole discretion with the results of its due diligence regarding the Parent and the contents of the Parent Disclosure Schedule.

7.16 Escrow Agreement. The Prior Escrow shall have been amended or superseded to reflect the terms of the Transaction Escrow upon terms and conditions consistent with this Agreement and satisfactory to the Company.

7.17 Certificate of Designation. The Parent shall have filed the Certificate of Designation attached hereto as Exhibit C with the Office of the Delaware Secretary of State, and such Certificate shall have been accepted by such office.

7.18 Amendment of Parent Certificate of Incorporation. The Parent shall have filed an Amendment to the Parent Certificate of Incorporation with the Office of the Delaware Secretary of State in order to effectuate the Common Stock Increase and Staggered Board, and such Amendment shall have been accepted by such office.

7.19 Resale Restriction on Parent Officers and Directors. The officers and directors of Parent that are holders of Parent Common Stock shall agree (i) not to sell or otherwise transfer such Parent Common Stock for 90 days after the Closing, and (ii) with respect to any officers and directors of Parent that are holders (or groups of affiliated holders) of at least 200,000 shares of Parent Common Stock, after the Closing, to thereafter not sell in any three month period shares representing more than one percent (1%) of the outstanding Parent Common Stock; provided, that all of such restrictions will lapse one year after the Closing.

ARTICLE 8.
TERMINATION

8.1 Termination. This Agreement may be terminated prior to the Effective Time:

(a) by mutual written consent of Parent and the Company;

(b) by either Parent or the Company if the Merger shall not have been consummated on or before March 31, 2019 (the "***End Date***"); *provided, however,* that a party shall not be permitted to terminate this Agreement pursuant to this Subsection (b) if the failure to consummate the Merger by the End Date is attributable to a failure on the part of such party to perform any covenant or obligation in this Agreement required to be performed by such party at or prior to the Effective Time;

(c) by either Parent or the Company if a court of competent jurisdiction or other Governmental Body shall have issued a final and non-appealable Order, or shall have taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger;

(d) by Parent or the Company if a Parent Triggering Event shall have occurred;

(e) by Parent if: (i) any of the Company's representations and warranties contained in this Agreement shall be inaccurate as of the date of this Agreement such that the condition set forth in Section 6.1(a) or the condition set forth in Section 6.1(b) would not be satisfied, or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date) such that the condition set forth in Section 6.1(a) or the condition set forth in Section 6.1(b) would not be satisfied; or (ii) any of the Company's covenants or obligations contained in this Agreement shall have been breached such that the condition set forth in Section 6.2 would not be satisfied; *provided, however*, that, for purposes of clauses (i) and (ii) above, if an inaccuracy in any of the Company's representations and warranties (as of the date of this Agreement or as of a date subsequent to the date of this Agreement) or a breach of a covenant or obligation by the Company is curable by the Company by the End Date and the Company is continuing to exercise its reasonable best efforts to cure such inaccuracy or breach, then Parent may not terminate this Agreement under this Section (e) on account of such inaccuracy or breach unless such inaccuracy or breach shall remain uncured for a period of 30 days commencing on the date that Parent gives the Company notice of such inaccuracy or breach; or

(f) by the Company if: (i) any of Parent's representations and warranties contained in this Agreement shall be inaccurate as of the date of this Agreement such that the condition set forth in Section 7.1(a) or the condition set forth in Section 7.1(b) would not be satisfied, or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date) such that the condition set forth in Section 7.1(a) or the condition set forth in Section 7.1(b) would not be satisfied; or (ii) any of Parent's covenants or obligations contained in this Agreement shall have been breached such that the condition set forth in Section 7.2 would not be satisfied; *provided, however*, that, for purposes of clauses (i) and (ii) above, if an inaccuracy in any of Parent's representations and warranties (as of the date of this Agreement or as of a date subsequent to the date of this Agreement) or a breach of a covenant or obligation by Parent is curable by Parent by the End Date and Parent is continuing to exercise its reasonable best efforts to cure such inaccuracy or breach, then the Company may not terminate this Agreement under this paragraph (f) on account of such inaccuracy or breach unless such inaccuracy or breach shall remain uncured for a period of 30 days commencing on the date that the Company gives Parent notice of such inaccuracy or breach.

8.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall be of no further force or effect; *provided, however,* that: (i) this Section 8.2, Article 9 and Article 10 shall survive the termination of this Agreement and shall remain in full force and effect; (ii) the Confidentiality Agreement shall survive the termination of this Agreement and shall remain in full force and effect in accordance with its terms; and (iii) the termination of this Agreement shall not relieve any party from any Liability for any breach of this Agreement or fraud.

ARTICLE 9.
INDEMNIFICATION

9.1 Indemnification by the Company Stockholders. From and after the Closing, and subject to the terms and limitations in this Article 9, the Company Stockholders shall indemnify, defend and hold harmless Parent, Merger Sub and their respective affiliates and their respective stockholders, directors, officers, employees, agents, consultants, representatives, affiliates, successors, transferees and assigns (individually a "***Parent Indemnified Party***," and collectively, the "***Parent's Indemnified Parties***"), promptly upon demand, at any time and from time to time, from, against, and in respect of any and all demands, claims, losses, damages, judgments, liabilities, assessments, suits, actions, proceedings, interest, penalties, and expenses (including, without limitation, settlement costs and any legal, accounting and other expenses for investigating or defending any actions or threatened actions or for enforcing such rights of indemnity and defense) incurred or suffered by Parent's Indemnified Parties (subject to Section 9.3(c), "***Parent Losses***"), whether as a Direct Claim or Third-Party Claim (each as defined below) in connection with, arising out of or as a result of each and all of the following:

(a) any misrepresentation or breach of any representation or warranty made by the Company in this Agreement;

(b) the breach of any covenant, obligation, or agreement made by the Company in this Agreement;

(c) any misrepresentation or omission contained in any document, statement or certificate furnished by the Company or Stockholder Representative to Parent pursuant to this Agreement or in connection with the Contemplated Transactions;

9.2 Indemnification By Parent. From and after the Closing, and subject to the terms and limitations in this Article 9, Parent shall indemnify, defend and hold harmless the Company Stockholders and their respective owners, partners, stockholders, managers, directors, officers, employees, agents, including specifically the Stockholder Representative, consultants, representatives, affiliates, successors, transferees and assigns (individually a "***Company Stockholder Indemnified Party***"; and collectively the "***Company Stockholders' Indemnified Parties***"), promptly upon demand, at any time and from time to time, from, against, and in respect of any and all demands, claims, losses, damages, judgments, liabilities, assessments, suits, actions, proceedings, interest, penalties, and expenses (including, without limitation, settlement costs and any legal, accounting and other expenses for investigating or defending any actions or threatened actions or for enforcing such rights of indemnity and defense) incurred or suffered by the Company Stockholders' Indemnified Parties (subject to Section 9.3(c), "***Company Stockholder Losses***"), whether as a Direct Claim or Third-Party Claim (each as defined below), in connection with, arising out of or as a result of each and all of the following:

(a) any misrepresentation or breach of any representation or warranty made by Parent or Merger Sub in this Agreement;

(b) the breach of any covenant, obligation, or agreement made by Parent or Merger Sub in this Agreement; and

(c) any misrepresentation or omission contained in any document, statement or certificate furnished by Parent or Merger Sub to the Company or Stockholder Representative pursuant to this Agreement or any other document or instrument delivered by Parent or entered into as part of the Contemplated Transactions.

9.3 Limitations on and Satisfaction of Indemnification Claims.

(a) General Basket. No claim for indemnification under Sections 9.1(a) by the Parent's Indemnified Parties, or under Section 9.2(a) by the Company Stockholders' Indemnified Parties, shall be made unless and until the aggregate amount of Parent Losses or Company Stockholder Losses, as applicable, claimed by all such indemnified parties equals or exceeds one hundred thousand dollars ($100,000) (the "***Threshold Amount***"), and upon such time any and all such Parent Losses or Company Stockholder Losses, as applicable, including the Threshold Amount, shall become payable pursuant to the terms herein. Notwithstanding the foregoing, the Threshold Amount shall not apply to any indemnification claims against the Company Stockholders or Parent arising out of or related to a breach of any Company Fundamental Representation or Parent Fundamental Representation, respectively.

(b) Satisfaction of Indemnification Claims. There are currently 1,100,000 shares of Parent Common Stock held in escrow for the benefit of the Company pursuant to (1) that certain Share Exchange Agreement dated as of January 11, 2018 by and between Parent and the Company and (2) that certain Escrow Agreement dated as of January 11, 2018 by and among Parent, the Company, and Corporate Stock Transfer, Inc. (the "***Prior Escrow***"). At or prior to Closing, the 1,100,000 shares of Parent Common Stock currently held pursuant to the Prior Escrow will be released, and 860,000 shares of the Merger Shares will be deposited into a new escrow (the "***Transaction Escrow***") in order to fund any indemnification obligations of the Company Stockholders under this Agreement. All Merger Shares remaining in the Transaction Escrow and not subject to any pending claims 18 months following the Closing Date, or thereafter upon any Merger Shares no longer subject to any pending claim, shall be released to the Company Stockholders in accordance with the Consideration Schedule and the escrow agreement documenting the terms of the Transaction Escrow with Corporate Stock Transfer, Inc. All dividends paid on the Merger Shares in the Transaction Escrow will be distributed currently to the Company Stockholders and all voting rights of such Merger Shares will be exercisable by or on behalf of the Company Stockholders or their authorized agent.

(c) Losses. In no event shall Parent Losses or Company Stockholder Losses include any incidental, consequential, special, indirect, punitive damages, diminution in value, lost profits or amounts recoverable based on a multiple of earnings, revenues or other financial metrics. All Parent Losses and Company Stockholder Losses shall be payable in shares of Parent Common Stock (payable in newly issued shares of Parent Common Stock in the case of Company Stockholder Losses and payable from the Transaction Escrow in the case of Parent Losses), valued at the closing price per share of the Parent Common Stock on NASDAQ (or any other exchange or bulletin board on which the Parent Common Stock is publicly traded) on the trading day immediately prior to final resolution or settlement of any indemnification matter giving rise to such Parent Losses or Company Stockholder Losses. Notwithstanding anything to the contrary contained herein, in no event shall (i) any Company Stockholder have any liability for indemnification obligations under this Article 9 for any amount, except for such Stockholder's pro rata share of any Merger Shares deposited in the Transaction Escrow, or (ii) the Parent have any liability for any obligation to issue more than 860,000 shares of Parent Common Stock or to issue Parent Common Stock five years after the Effective Time. The contingent right to the stock to be issued in the future in satisfaction of any indemnification obligations under this Article 9 may not be assigned, except by operation of law.

9.4 Direct Claim. Any direct claim for indemnification not involving a third party as contemplated in Section 9.5 below (a "***Direct Claim***") shall be made in writing to the indemnifying party by the indemnified party. Within 30 days of receipt of the written notice of the Direct Claim, the indemnifying party shall either pay the indemnified party the amount of the Direct Claim or provide written objection to the payment of the Direct Claim. If the indemnifying party objects to such Direct Claim within the 30-day time period set forth herein, such dispute shall be resolved in accordance with Section 10.5. If the indemnifying party fails to respond to such Direct Claim prior to the expiration of such 30-day time period, the indemnifying party shall be deemed to have acknowledged and agreed to pay such Direct Claim promptly, and waives any objections or defenses thereto.

9.5 Third-Party Claims.

(a) In order for any Parent Indemnified Party or Company Stockholder Indemnified Party to be entitled to any indemnification provided for under this Article 9 in respect of, arising out of or involving a claim made by any Person other than the Company Stockholders, Stockholder Representative, Parent, Merger Sub or the Surviving Corporation, or their respective officers, directors, stockholders, owners, successors, assigns or affiliates (a "***Third-Party Claim***") against such indemnified party, such indemnified party must notify the indemnifying party in writing of the Third-Party Claim promptly after receipt by such indemnified party of written notice of the Third-Party Claim; *provided*, *however*, that failure of any indemnified party to give notice as provided in this Section 9.5 shall not relieve an indemnifying party of its indemnification obligations hereunder except to the extent that the indemnifying party proves actual loss and prejudice by such failure to give such notice.

(b) The indemnifying party shall be entitled to participate in the defense of a Third-Party Claim and, if it so chooses within 10 days after receipt of notice of the Third-Party Claim, to assume or cause the assumption of the defense thereof with counsel selected by the indemnifying party (provided such counsel is not reasonably objected to by the indemnified party). Should the indemnifying party elect to assume the defense of a Third-Party Claim, the indemnifying party shall be deemed to have acknowledged its obligation to defend such Third-Party Claim as a claim subject to the indemnification obligations of this Agreement. If the indemnifying party elects to assume the defense of a Third-Party Claim, the indemnified party will fully cooperate with the indemnifying party in connection with such defense.

(c) If the indemnifying party assumes the defense of a Third-Party Claim, then, as long as the indemnifying party is reasonably contesting such claim in good faith, using its commercially reasonable efforts, the indemnified party shall not admit any Liability with respect to, or settle, compromise or discharge, any Third-Party Claim without the indemnifying party's prior written consent, and the indemnified party will agree to any settlement, compromise or discharge of the Third-Party Claim the indemnifying party may recommend which releases the indemnified party unconditionally and completely in connection with such Third-Party Claim and which does not adversely affect the indemnified party in any manner. Notwithstanding the foregoing, the indemnified party shall have the right to pay or settle any such claim, provided that in such event it shall waive any right to indemnity therefor by the indemnifying party. If the indemnifying party assumes the defense of a Third-Party Claim, then the indemnifying party shall not, without the indemnified party's prior written consent, settle or compromise any Third-Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the indemnified party of a written release from all Liability in respect of such Third-Party Claim.

(d) If the indemnifying party does not assume the defense of any such Third-Party Claim, the indemnified party may defend the same in such manner as it may deem appropriate in its sole discretion, including, but not limited to, settling such claim or litigation. The indemnified party's defense of such Third-Party Claim shall not prohibit any remedies of the indemnified party against the indemnifying parties, and the indemnified party shall be permitted during the course of or after the resolution of such Third-Party Claim to seek recovery of the Parent Losses or Company Stockholder Losses, as applicable, from the indemnifying party to the extent the indemnified party is entitled hereunder.

9.6 Survival of Indemnification Obligations. The representations and warranties of the parties contained in this Agreement shall survive for a period of 18 months following the Closing Date; *provided*, that all of the foregoing representations and warranties shall further survive during the duration of any Legal Proceedings (including, without limitation, any appeals) with respect to any claim for indemnification for which any indemnified party has provided a Claim Notice to any indemnifying party prior to the expiration of the applicable survival period. All obligations and covenants under this Agreement, including, without limitation indemnification, shall forever survive the Closing.

9.7 Qualifications. Notwithstanding anything in this Agreement to the contrary, in calculating the amount of any Parent Losses and Company Stockholder Losses incurred as a result of any breach of the representations, warranties and covenants contained in this Agreement or in other documents executed or delivered by the parties in connection with the Merger and Contemplated Transactions, any qualification with respect to materiality, Company Material Adverse Effect, Parent Material Adverse Effect or other similar qualification shall be disregarded.

9.8 Exclusive Remedy. The parties acknowledge and agree that, after the Closing, the indemnification provisions in this Article 9 shall be the sole and exclusive remedy of the parties with respect to the Contemplated Transactions, except for (a) claims of fraud or (b) injunctive relief permitted by Section 10.5. Except for claims of fraud, the Parties may not avoid the limitations on liability, recovery and recourse set forth in this Article 9 by seeking damages for breach of contract, tort or pursuant to any other theory or liability.

ARTICLE 10.
MISCELLANEOUS PROVISIONS

10.1 Stockholder Representative.

(a) The Company (and pursuant to the terms of the Company Stockholder Consent, each of the Company's stockholders) irrevocably appoints the Stockholder Representative to act as representative, agent, proxy and attorney-in-fact for the Company Stockholders for all purposes under this Agreement, the Merger and otherwise in connection with the Contemplated Transactions, including, without limitation, the full power and authority on each such Company Stockholder's behalf to: (i) receive notices or service of process, (ii) negotiate, determine, compromise, settle and take any other action permitted or called for by any Company stockholder under this Agreement, (iii) execute and deliver any termination, amendment or waiver to this Agreement in connection therewith, (iv) engage such counsel, experts and other agents and consultants as the Stockholder Representative deems necessary in connection with exercising the powers granted hereunder and, in the absence of bad faith on the part of the Stockholder Representative, will be entitled to conclusively rely on the opinions and advice of such Persons, (v) receive funds and make or release payments of funds to pay any amounts that the Stockholder Representative has incurred or reasonably expects to incur in connection with the Company stockholders' obligations under this Agreement, the Merger and otherwise in connection with the Contemplated Transactions, including amounts required to pay the fees and expenses of professionals incurred in connection with the Contemplated Transactions, (vi) to execute closing statements, settlement statements and funds flow statements on behalf of the Company's stockholders and the Company. The Company Stockholders acknowledge that Parent and Merger Sub will be entitled to conclusively rely upon, without independent investigation, any act, notice, instruction or communication of the Stockholder Representative as provided in this Section 10.1 as the acts of the Company Stockholders and will not be liable in any manner whatsoever for any of Parent or Merger Sub's actions, as applicable, taken or not taken in reliance upon the acts or omissions or communications or writings given or executed by the Stockholder Representative.

(b) The Company's stockholders agree that such agency and proxy are coupled with an interest, and are therefore irrevocable without the consent of the Stockholder Representative and will survive the death, incapacity, bankruptcy, dissolution or liquidation of any Company's stockholder. All decisions and actions by the Stockholder Representative will be binding upon the Company's stockholders, and no Company stockholder will have the right to object, dissent, protest or otherwise contest the same. The Stockholder Representative will have no duties or obligations hereunder except those specifically set forth herein and such duties and obligations will be determined solely by the express provisions of this Agreement. The Company's stockholders will jointly and severally indemnify and hold harmless the Stockholder Representative against all Liabilities incurred by the Stockholder Representative in connection with the performance of his, her or its duties as the Stockholder Representative, including, without limitation, any action, suit or proceeding to which the Stockholder Representative is made a party by reason of the fact that the Stockholder Representative is or was acting as the Stockholder Representative under this Agreement. Neither the Stockholder Representative nor any agent employed by the Stockholder Representative will incur any Liability to any Company stockholder relating to the performance of Stockholder Representative's duties hereunder except for actions or omissions constituting fraud or bad faith. The Stockholder Representative will have no Liability in respect of any action, claim or proceeding brought against the Stockholder Representative by any Company stockholder if the Stockholder Representative took or omitted taking any action in good faith.

(c) The provisions of this Section 10.1 will be binding on the executors, heirs, legal representatives, personal representatives, successor trustees, and successors of each Company Stockholder, and any references in this Agreement to a "Company Stockholder" means and includes the successors to such Person's rights hereunder, whether pursuant to a testamentary disposition, the Legal Requirements of descent and distribution or otherwise.

(d) If the Stockholder Representative shall die, become disabled or otherwise be unable or unwilling to fulfill his, her or its responsibilities as agent of the Company's stockholders, then a majority in interest of the Company's stockholders (based on the ownership of the Company Stock set forth on Schedule 1.4) shall appoint a successor agent for the Company Stockholders. The Person serving as the Stockholder Representative may be replaced from time to time by the holders of a majority in interest of the Company Stockholders (based on the ownership of the Company Stock set forth on Schedule 1.4). In either case, the successor Stockholder Representative shall promptly notify Parent in writing of the identity of such successor Stockholder Representative. Any such successor shall become the "Stockholder Representative" for purposes of this Agreement.

(e) All expenses incurred by the Stockholder Representative in connection with the performance of his, her or its duties as Stockholder Representative shall be borne and paid exclusively by the Company Stockholders, pursuant to their respective ownership of Company Stock (on an as-converted basis) immediately prior to the Effective Time.

10.2 Amendment. This Agreement may be amended with the approval of the respective Boards of Directors of the Company and Parent at any time without approval of any of the Company's stockholders; *provided, however,* that no amendment shall be made which by applicable Legal Requirement requires further approval of the Company's stockholders without the further approval of such stockholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

10.3 Waiver

(a) Subject to paragraphs (b) and (c) below, at any time prior to the Effective Time, any party hereto may: (i) extend the time for the performance of any of the obligations or other acts of the other parties to this Agreement; (ii) waive any inaccuracy in or breach of any representation, warranty, covenant or obligation of the other party in this Agreement or in any document delivered pursuant to this Agreement; and (iii) waive compliance with any covenant, obligation or condition for the benefit of such party contained in this Agreement.

(b) No failure on the part of any party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

(c) No party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

10.4 Entire Agreement; Counterparts; Exchanges by Facsimile or Electronic Delivery. This Agreement and the other agreements, exhibits and disclosure schedules referred to herein constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter hereof and thereof; *provided*, *however*, that, except as otherwise expressly set forth in this Agreement, the Confidentiality Agreement shall not be superseded and shall remain in full force and effect in accordance with its terms (it being understood that no provision in this Agreement or in the Confidentiality Agreement shall limit any party's rights or remedies in the case of fraud). This Agreement may be executed in separate counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of a fully executed Agreement (in counterparts or otherwise) by facsimile or by other electronic delivery shall be sufficient to bind the parties to the terms and conditions of this Agreement.

10.5 Applicable Law; Jurisdiction; Specific Performance; Remedies. This Agreement shall be governed by, and construed in accordance with, the Legal Requirements of the State of Delaware, regardless of the Legal Requirements that might otherwise govern under applicable principles of conflicts of Legal Requirements thereof. In any action between any of the parties arising out of or relating to this Agreement or any of the Contemplated Transactions: (a) each of the parties irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the state and federal courts located in Hennepin County, Minnesota; and (b) each of the parties irrevocably waives the right to trial by jury. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, in addition to the remedies set forth in Article 9. Each party hereby waives any requirement for the securing or posting of any bond in connection with seeking such injunction or injunctions.

10.6 Assignability; No Third-Party Rights. This Agreement shall be binding upon, and shall be enforceable by and inure solely to the benefit of, the parties hereto and their respective successors and assigns; *provided*, *however*, that neither this Agreement nor any party's rights or obligations hereunder may be assigned or delegated by such party without the prior written consent of the other parties, and any attempted assignment or delegation of this Agreement or any of such rights or obligations by any party without the prior written consent of the other parties shall be void and of no effect. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person (other than the parties hereto) any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except (i) as specifically provided in Section 5.2, (ii) after the Effective Time, with respect to the payment of the Aggregate Merger Consideration to Company Stockholders pursuant to Article 1 hereof, (iii) with respect to the holders of any Company Dissenting Shares, and (iv) any Company Stockholder Indemnified Party and any Parent Indemnified Party.

10.7 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent designated for overnight delivery by nationally recognized overnight air courier (such as Federal Express), one business day after mailing; (c) if sent by email transmission before 5:00 p.m. Central Time, when transmitted and receipt is confirmed; provided such communication is also sent pursuant to paragraph (a) or (b) above on such date; (d) if sent by email transmission after 5:00 p.m. Central Time and receipt is confirmed, on the following business day; provided such communication is also sent pursuant to paragraph (a) or (b) above on such date; and (e) if otherwise actually personally delivered, when delivered, provided that such notices, requests, demands and other communications are delivered to the address set forth below, or to such other address as any party shall provide by like notice to the other parties to this Agreement:

if to Parent or Merger Sub:

Precision Therapeutics Inc.
2915 Commers Drive, Suite 900
Eagan, Minnesota 55121
Attention: Bob Myers, Chief Financial Officer
Email: bmyers@skylinemedical.com

with a copy (which shall not constitute notice) to:

Maslon LLP
3300 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402
Attention: Martin R. Rosenbaum
Email: martin.rosenbaum@maslon.com

if to the Company (before the Closing):

Helomics Holding Corporation
91 43rd Street, Suite 220
Pittsburg, PA 15201
Attention: Gerald J. Vardzel Jr., President & CEO
Email: gvardzel@helomics.com

with a copy (which shall not constitute notice) to:

Schiff Hardin LLP
901 K Street NW
Suite 700
Washington, DC 20001
Attention: Ralph DeMartino
Email: rdemartino@schiffhardin.com

if to the Stockholder Representative:

to an address or email address specified by the Stockholder Representative in writing from time to time for such purposes

with a copy (which shall not constitute notice) to:

Schiff Hardin LLP
901 K Street NW
Suite 700
Washington, DC 20001
Attention: Ralph DeMartino
Email: rdemartino@schiffhardin.com

10.8 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions of this Agreement or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. Upon such determination that any term or provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the Contemplated Transactions are fulfilled to the fullest extent possible.

10.9 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

(d) Except as otherwise indicated, all references in this Agreement to "Articles," "Sections," "Exhibits" and "Schedules" are intended to refer to Articles and Sections of this Agreement and Exhibits or Schedules to this Agreement.

(e) The underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

(f) All references in this Agreement to "dollars" or "$" shall mean United States Dollars.

(g) For purposes of disclosures required by Article 2 and Article 3 and the restrictions set forth in Sections 4.2 and 4.3, any references to amounts in dollars shall include foreign currency equivalents.

10.10 Conflicts; Privileges. (a)Acknowledgement of Representation. It is acknowledged by each of the parties that the Stockholder Representative and the Company have retained Schiff Hardin LLP ("***Schiff***") to act as their counsel in connection with this Agreement, the Ancillary Documents, the Confidentiality Agreement or any transaction contemplated hereby (the "***Current Representation***"), and that no other party to this Agreement has the status of a client of Schiff for conflict of interest or any other purposes as a result thereof.

(b) Affirmation of Representation. Parent and the Company hereby agree that, and each agrees to cause each Company Affiliate to agree that, after the Closing, Schiff may represent the Stockholder Representative, any Stockholder, and any officer, director, manager, employee, shareholder, partner or member of any Company Entity (any such Person, a "***Designated Person***") in any matter involving or arising from the Current Representation, including any interpretation or application of this Agreement or the Confidentiality Agreement, and including for the avoidance of doubt any litigation, arbitration, dispute or mediation between or among Parent, any Company Entity or any of their respective Affiliates, and any Designated Person, even though the interests of such Designated Person may be directly adverse to Parent, a Company Entity or any of their respective Affiliates, and even though Schiff may have represented a Company Entity in a substantially related matter, or may be representing a Company Entity in ongoing matters.

(c) Waiver of Conflict. Parent and the Company hereby waive and agree not to assert, and each agrees to cause each other Company Entity to waive and not assert, (i) any claim that Schiff has a conflict of interest in any representation described in Section 10.10(b) above, and (ii) any confidentiality obligation with respect to any communication between Schiff and any Designated Person occurring during the Current Representation.

(d) Retention of Privilege. Parent and the Company hereby agree that, and each agrees to cause each Company Entity to agree that, as to all communications (whether before, at or after the Closing) between Schiff and any Designated Person that relate in any way to the Current Representation, the attorney-client privilege and all rights to any other evidentiary privilege, and the protections afforded to information relating to representation of a client under applicable rules of professional conduct, belong to such Designated Person and may be controlled by such Designated Person and shall not pass to or be claimed by Parent or any Company Entity. Without limiting the foregoing, notwithstanding any policy of Parent or any Company Entity or any agreement between any Company Entity and any Designated Person or any Representative of any Designated Person or any Company Entity, whether established or entered into before, at or after the Closing, neither Parent nor any Company Entity may review or use for any purpose without such Designated Person's written consent, or seek to compel disclosure to Parent or any Company Entity (or any of their representatives) any communication or information (whether written, oral, electronic or in any other medium) described in the previous sentence.

(e) Further Assurances. Parent and the Company agree to take, and to cause their respective Affiliates to take, all steps necessary to implement the intent of this Section 10.10. Parent, the Stockholder Representative and the Company further agree that Schiff and its partners and employees are third party beneficiaries of this Section 10.10.

* * * * * * *

IN WITNESS WHEREOF, the parties have caused this Amended and Restated Agreement to be executed as of the date first above written.

PRECISION THERAPEUTICS INC.

By: _____
Name: Carl Schwartz
Title: Chief Executive Officer

HELOMICS ACQUISITION, INC.

By: _____
Name: Carl Schwartz
Title: Chief Executive Officer

HELOMICS HOLDING CORPORATION

By: _____
Name: Gerald J. Vardzel Jr.
Title: President

STOCKHOLDER REPRESENTATIVE

: _____
Gerald J. Vardzel Jr.

SCHEDULE 1.4
Directors and Officers of Surviving Corporation
Immediately Following the Effective Time

Surviving Corporation Directors
[To be supplied prior to Closing.]

Surviving Corporation Officers

[To be supplied prior to Closing.]

CONSIDERATION SCHEDULE

Stockholder	Shares of Parent Common Stock	Percentage
Vardzel Jr., Gerald	**1,350,000**	**18.00%**
Armstrong, Douglas	**1,125,000**	**15.00%**
Aulicino, Richard	**1,125,000**	**15.00%**
Keyser Jr., Robert	**1,125,000**	**15.00%**
Dawson James Securities, Inc.	**1,650,000**	**22.00%**
Maclaren, Monique	**37,500**	**0.50%**
Weinstein, David	**187,500**	**2.5%**
Healthcare Royalty Partners II, L.P.	**900,000**	**12.00%**
TOTAL	**7,500,000**	**100.00%**

EXHIBIT A
CERTAIN DEFINITIONS

For purposes of the Agreement (including this Exhibit A):

"***Acquisition Inquiry***" shall mean an inquiry, indication of interest or request for nonpublic information (other than an inquiry, indication of interest or request for nonpublic information made or submitted by Parent or the Company) that is related to a potential Acquisition Proposal.

"***Acquisition Proposal***" shall mean any offer, proposal or indication of interest (other than an offer or proposal made or submitted by Parent or the Company to the other) contemplating or otherwise relating to any Acquisition Transaction.

"***Acquisition Transaction***" with respect to any Entity shall mean any transaction or series of transactions (other than the Contemplated Transactions) involving:

(a) any merger, exchange, consolidation, business combination, issuance of securities, acquisition of securities, reorganization, recapitalization, takeover offer, tender offer, exchange offer or other similar transaction: (i) in which such Entity or any of its Significant Subsidiaries is a constituent corporation and which would result in a third Person beneficially owning 30% or more of any class of equity or voting securities of such Entity or any of its Significant Subsidiaries; (ii) in which a Person or "group" (as defined in the Exchange Act and the rules promulgated thereunder) of Persons directly or indirectly acquires beneficial or record ownership of securities representing more than 30% of the outstanding securities of any class of voting securities of such Entity or any of its Significant Subsidiaries; or (iii) in which such Entity or any of its Significant Subsidiaries issues securities representing more than 30% of the outstanding securities of any class of voting securities of such Entity or any of its Significant Subsidiaries;

(b) any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 30% or more of the consolidated net revenues, consolidated net income (or loss) or consolidated assets of such Entity or any of its Significant Subsidiaries; or

(c) any liquidation or dissolution (or the adoption of a plan of liquidation or dissolution) of such Entity or any of its Significant Subsidiaries or the declaration of any extraordinary dividend.

"***Affiliated Group***" shall mean an "affiliated group" within the meaning of Code Section 1504(a) or any similar group defined under a similar provision of state, local, or non-U.S. Tax law.

""***Aggregate Merger Consideration***" shall mean 4,000,000 shares of Parent Common Stock and 3,500,000 shares of Parent Series D Preferred Stock.

"***Agreement***" shall mean the Agreement and Plan of Merger to which this Exhibit A is attached, as it may be amended from time to time.

"***Code***" shall mean the United States Internal Revenue Code of 1986, as amended.

"***Closing***" shall mean the consummation of the Merger as described in Section 1.3 of this Agreement.

"***Closing Date***" shall mean the date of the Closing of the Merger.

"***Company Affiliate***" shall mean any Person under common control with any of the Company Entities within the meaning of Section 414(b), Section 414(c), Section 414(m) or Section 414(o) of the Code, and the regulations issued thereunder.

"***Company Associate***" shall mean any current or former officer, employee (full-time or part-time), independent contractor, consultant, director or statutory auditor of or to any of the Company Entities or any Company Affiliate.

"***Company Board***" shall mean the Company's Board of Directors.

"***Company Common Stock***" shall mean the Common Stock, $0.001 par value per share, of the Company.

"***Company Contract***" shall mean any Contract: (a) to which any of the Company Entities is a party; (b) by which any of the Company Entities or its assets is bound or under which any of the Company Entities has any express obligation; or (c) under which any of the Company Entities has any express right.

"***Company Disclosure Schedule***" shall mean the Company Disclosure Schedule prepared by the Company and delivered to the Parent prior to the Closing.

"***Company Employee***" shall mean any director, officer or other employee (full-time or part-time) of any of the Company Entities.

"***Company Employee Agreement***" shall mean each management, employment, severance, retention, transaction bonus, change in control, consulting, relocation, repatriation or expatriation agreement or other Contract between: (a) any of the Company Entities or any Company Affiliate; and (b) any Company Associate, other than any such Contract that is terminable "at will" (or following a notice period imposed by applicable Legal Requirements) without any obligation on the part of any Company Entity or any Company Affiliate to make any severance, termination, change in control or similar payment or to provide any benefit.

"***Company Employee Plan***" shall mean each plan, program, policy, practice (of the type that might result in monetary implications to a Company Entity) or Contract providing for compensation, severance, termination pay, deferred compensation, performance awards, stock or stock-related awards, fringe benefits, retirement benefits or other benefits or remuneration of any kind, whether or not in writing and whether or not funded, including each "employee benefit plan," within the meaning of Section 3(3) of ERISA (whether or not ERISA is applicable to such plan): (a) that is maintained or contributed to, or required to be maintained or contributed to, by any of Company Entities or any Company Affiliate for the benefit of any Company Associate; or (b) with respect to which any of the Company Entities or any Company Affiliate has or may incur or become subject to any Liability; *provided, however,* that a Company Employee Agreement shall not be considered a Company Employee Plan.

"***Company Entities***" shall mean: the Company and each of the Company's Subsidiaries.

"***Company Fundamental Representations***" shall mean the representations and warranties set forth in Sections 2.1(a)-(b) (Subsidiaries; Due Organization), 2.2 (Authority; Binding Nature of Agreement), 2.3 (Capitalization), 2.7 (Title to Assets), 2.10 (Intellectual Property), 2.14 (Tax Matters), 2.15 (Employee and Labor Matters; Benefit Plans), 2.19 (Company Stockholder Approval), and 2.21 (No Financial Advisor).

"***Company IP***" shall mean: (a) all Intellectual Property Rights in or to the Company Products and all Intellectual Property Rights in or to Company Product Software; and (b) all other Intellectual Property Rights and Intellectual Property with respect to which any of the Company Entities has (or purports to have) an ownership interest or an exclusive license or similar exclusive right.

"***Company Material Adverse Effect***" shall mean any effect, change, claim, event or circumstance (collectively, "***Effect***") that, considered together with all other Effects, is or would reasonably be expected to be or to become materially adverse to, or has or would reasonably be expected to have or result in a material adverse effect on: (a) the business, financial condition, results of operations or prospects of the Company Entities taken as a whole or of the Surviving Corporation; *provided*, *however*, that, in no event shall any Effects resulting from any of the following, alone or in combination, be deemed to constitute, or be taken into account in determining whether there has occurred, a Company Material Adverse Effect: (i) conditions generally affecting the industries in which the Company participates or the U.S. or global economy as a whole, to the extent that such conditions do not have a disproportionate impact on the Company Entities, taken as a whole, as compared to other industry participants; (ii) general conditions in the financial markets, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions or other force majeure events), to the extent that such conditions do not have a disproportionate impact on the Company Entities, taken as a whole, as compared to other industry participants; (iii) changes in GAAP (or any interpretations of GAAP) applicable to Company or any of its Subsidiaries; (iv) the failure to meet public estimates or forecasts of revenues, earnings of other financial metrics, in and of itself, or the failure to meet internal projections, forecasts or budgets of revenues, earnings or other financial metrics, in and of itself (it being understood, however, that, except as otherwise provided in clauses (i), (ii), (iii), (v), (vi), (vii), or (viii) of this sentence, any Effect giving rise to or contributing to any such failure may give rise to a Company Material Adverse Effect and may be taken into account in determining whether a Company Material Adverse Effect has occurred); (v) any lawsuit commenced by a stockholder of the Company (in his, her or its capacity as a stockholder) directly resulting from the execution of this Agreement or the performance of the Contemplated Transactions; (vi) loss of employees, suppliers or customers (including customer orders or Contracts) resulting directly from the announcement or pendency of this Agreement or the Contemplated Transactions; (vii) the taking of any action expressly required to be taken pursuant to this Agreement or the taking of any action requested by Parent to be taken pursuant to the terms of the Agreement to the extent taken in accordance with such request; or (viii) changes in applicable Legal Requirements after the date hereof; or (b) the ability of the Company to consummate the Merger or any of the other Contemplated Transactions.

"***Company Notes Payable***" shall mean all outstanding secured and unsecured debt obligations owed by the Company to third parties, whether represented by a promissory note or otherwise, excluding any obligations owed to Parent.

"***Company Options***" shall mean options to purchase shares of Company Common Stock from the Company, whether granted by the Company pursuant to the a stock option plan, assumed by the Company in connection with any merger, acquisition or similar transaction or otherwise issued or granted, and whether vested or unvested.

"***Company Pension Plan***" shall mean each: (a) Company Employee Plan that is an "employee pension benefit plan," within the meaning of Section 3(2) of ERISA; or (b) other occupational pension plan, including any final salary or money purchase plan.

"***Company Preferred Stock***" shall mean the Series A Convertible Preferred Stock, par value $_____ per share, of the Company.

"***Company Product***" shall mean any product or service: (a) developed, manufactured, marketed, distributed, provided, leased, licensed or sold, directly or indirectly, by or on behalf of any Company Entity; or (b) currently under development by or for any Company Entity (whether or not in collaboration with another Person).

"***Company Product Software***" shall mean any software (regardless of whether such software is owned by a Company Entity or licensed to a Company Entity by a third party) contained or included in or provided with any Company Product or used in the development, manufacturing, maintenance, repair, support, testing or performance of any Company Product.

"***Company Source Code***" shall mean any source code, or any portion, aspect or segment of any source code, relating to any Intellectual Property owned by or licensed to any of the Company Entities or otherwise used by any of the Company Entities, including the Company Product Software.

"***Company Stock***" shall mean the Company Common Stock and the Company Preferred Stock.

"***Company Warrant***" means each outstanding warrant to acquire equity securities of the Company.

"***Confidentiality Agreement***" shall mean that certain Non-Disclosure Agreement dated April 20, 2018 between the Company and Parent.

"***Consent***" shall mean any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

"***Contemplated Transactions***" shall mean the Merger and the other transactions contemplated by the Agreement.

"***Contract***" shall mean any agreement, contract, subcontract, lease, instrument, note, option, warranty, purchase order, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking, written or oral.

"***DGCL***" shall mean the General Corporation Law of the State of Delaware.

"***DOL***" shall mean the United States Department of Labor.

"***Effective Time***" shall mean time when the Merger becomes effective.

"***Encumbrance***" shall mean any lien, pledge, hypothecation, charge, mortgage, easement, encroachment, imperfection of title, title exception, title defect, right of possession, lease, tenancy license, security interest, encumbrance, claim, infringement, interference, option, right of first refusal, preemptive right, community property interest or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

"***Entity***" shall mean any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended.

"***GAAP***" shall mean generally accepted accounting principles in the United States.

"***Governmental Authorization***" shall mean any: (a) permit, license, certificate, franchise, permission, variance, clearance, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement; or (b) right under any Contract with any Governmental Body.

"***Governmental Body***" shall mean any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal); or (d) self-regulatory organization.

"***Intellectual Property***" shall mean algorithms, apparatus, databases, data collections, diagrams, formulae, inventions (whether or not patentable), know-how, logos, marks (including brand names, product names, logos, and slogans), methods, processes, proprietary information, protocols, schematics, specifications, software, software code (in any form, including source code and executable or object code), techniques, user interfaces, URLs, domains, web sites, works of authorship and other forms of technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing, such as instruction manuals, laboratory notebooks, prototypes, samples, studies and summaries).

"***Intellectual Property Rights***" shall mean all existing and future rights of the following types, which may exist or be created under the Legal Requirements of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights and mask works; (b) trademark, trade name and domain name rights and similar rights; (c) trade secret rights; (d) patent and industrial property rights; (e) other proprietary rights in Intellectual Property; (f) rights in or relating to registrations, renewals, extensions, combinations, divisions and reissues of, and applications for, any of the rights referred to in clauses (a) through (e) above; and (g) rights to any existing Legal Proceedings related to the foregoing, the right to bring any such Legal Proceeding and all rights to receive compensation for the misuse, misappropriation or infringement of any proprietary rights in Intellectual Property.

"***IRS***" shall mean the United States Internal Revenue Service.

"***Knowledge***" of a party shall mean the actual or constructive knowledge of an executive officer (as such term is defined under the rules promulgated by the SEC) of such party; provided that the Knowledge of the Company with respects to facts and occurrences relating to the Company prior to December 7, 2016 shall only include the current actual knowledge of the Company's executive officers.

"***Legal Proceeding***" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

"***Legal Requirement***" shall mean any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, order, award, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body, and the provisions of the current organizational documents and internal rules of the applicable Entity.

"***Merger Shares***" means all shares of Parent Common Stock comprising the Aggregate Merger Consideration.

"***Nasdaq***" shall mean the Nasdaq Capital Market.

"***Order***" shall mean any order, writ, injunction, judgment or decree.

"***Parent Affiliate***" shall mean any Person under common control with any of the Parent Entities within the meaning of Section 414(b), Section 414(c), Section 414(m) or Section 414(o) of the Code, and the regulations issued thereunder.

"***Parent Associate***" shall mean any current or former officer, employee (full-time or part-time), independent contractor, consultant, director or statutory auditor of or to any of the Parent Entities or any Parent Affiliate.

"***Parent Board***" shall mean Parent's Board of Directors.

"***Parent Common Stock***" shall mean the Common Stock, $0.01 par value per share, of Parent.

"***Parent Contract***" shall mean any Contract: (a) to which any of Parent Entities is a party; (b) by which any of the Parent Entities or any asset of any of the Parent Entities is bound or under which any of the Parent Entities has any express obligation; or (c) under which any of the Parent Entities has any express right.

"***Parent Disclosure Schedule***" shall mean the Parent Disclosure Schedule prepared by the Parent and delivered to the Company prior to the Closing.

"***Parent Employee***" shall mean any director, officer or other employee (full-time or part-time) of any of the Parent Entities.

"***Parent Employee Agreement***" shall mean any management, employment, severance, retention, transaction bonus, change in control, consulting, relocation, repatriation or expatriation agreement or other Contract between: (a) any of the Parent Entities; and (b) any Parent Employee, other than any such Contract that is terminable "at will" (or following a notice period imposed by applicable law) without any obligation on the part of any Parent Entity to make any severance, termination, change in control or similar payment or to provide any benefit.

"***Parent Employee Plan***" shall mean any plan, program, policy, practice (of the type that might result in monetary implications to a Parent Entity) or Contract providing for compensation, severance, termination pay, deferred compensation, performance awards, stock or stock-related awards, fringe benefits, retirement benefits or other benefits or remuneration of any kind, whether or not in writing and whether or not funded, including each "employee benefit plan," within the meaning of Section 3(3) of ERISA (whether or not ERISA is applicable to such plan): (a) that is or has been maintained or contributed to, or required to be maintained or contributed to, by any of the Parent Entities for the benefit of any Parent Employee; or (b) with respect to which any of the Parent Entities has or may incur or become subject to any Liability; *provided, however,* that a Parent Employee Agreement shall not be considered a Parent Employee Plan.

"***Parent Entities***" shall mean: (a) Parent; and (b) each of Parent's Subsidiaries.

"***Parent Equity Award***" shall mean any Parent Option or other award issued pursuant to the Parent Equity Plans.

"***Parent Equity Plans***" shall mean the Precision Therapeutics Inc. Amended and Restated 2012 Stock Incentive Plan, as amended.

"***Parent Fundamental Representations***" shall mean the representations and warranties set forth in Sections 3.1(a)-(b) (Subsidiaries; Due Organization), 3.2 (Authority; Binding Nature of Agreement), 3.3 (Capitalization), 3.7 (Title to Assets), 3.10 (Intellectual Property), 3.14 (Tax Matters), 3.19 (No Vote Required), and 3.21 (No Financial Advisor).

"***Parent IP***" shall mean: (a) all Intellectual Property Rights in or to the Parent Products and all Intellectual Property Rights in or to Parent Product Software; and (b) all other Intellectual Property Rights and Intellectual Property with respect to which any of the Parent Entities has (or purports to have) an ownership interest or an exclusive license or similar exclusive right.

"***Parent Latest Balance Sheet***" shall mean the latest consolidated balance sheet of Parent and its consolidated Subsidiaries included in the Parent SEC Filings.

"***Parent Material Adverse Effect***" shall mean any Effect that, considered together with all other Effects, is or would reasonably be expected to be or to become materially adverse to, or has or would reasonably be expected to have or result in a material adverse effect on: (a) the business, financial condition, results of operations or prospects of Parent and its Subsidiaries taken as a whole; *provided*, *however*, that, in no event shall any Effects resulting from any of the following, alone or in combination, be deemed to constitute, or be taken into account in determining whether there has occurred, a Parent Material Adverse Effect: (i) conditions generally affecting the industries in which Parent participates or the U.S. or global economy as a whole, to the extent that such conditions do not have a disproportionate impact on the Parent Entities, taken as a whole, as compared to other industry participants; (ii) general conditions in the financial markets, and any changes therein (including any changes arising out of acts of terrorism, war, weather conditions or other force majeure events), to the extent that such conditions do not have a disproportionate impact on the Parent Entities, taken as a whole, as compared to other industry participants; (iii) changes in the trading price or trading volume of Parent Common Stock (it being understood, however, that, except as otherwise provided in clauses (i), (ii), (iv), (v), (vi), (vii), (viii) or (ix) of this sentence, any Effect giving rise to or contributing to such changes in the trading price or trading volume may give rise to a Parent Material Adverse Effect and may be taken into account in determining whether a Parent Material Adverse Effect has occurred); (iv) changes in GAAP (or any interpretations of GAAP) applicable to Parent or any of its Subsidiaries; (v) the failure to meet public estimates or forecasts of revenues, earnings of other financial metrics, in and of itself, or the failure to meet internal projections, forecasts or budgets of revenues, earnings or other financial metrics, in and of itself (it being understood, however, that, except as otherwise provided in clauses (i), (ii), (iii), (iv), (vi), (vii), (viii) or (ix) or of this sentence, any Effect giving rise to or contributing to any such failure may give rise to a Parent Material Adverse Effect and may be taken into account in determining whether a Parent Material Adverse Effect has occurred); (vi) any lawsuit commenced by a stockholder of Parent (in his, her or its capacity as a stockholder) directly resulting from the execution of this Agreement or the performance of the Contemplated Transactions; (vii) loss of employees, suppliers or customers (including customer orders or Contracts) resulting directly from the announcement or pendency of this Agreement or the Contemplated Transactions; (viii) the taking of any action expressly required to be taken pursuant to this Agreement or the taking of any action requested by the Company to be taken pursuant to the terms of the Agreement to the extent taken in accordance with such request; or (ix) changes in applicable Legal Requirements after the date hereof; or (b) the ability of Parent to consummate the Merger or any of the other Contemplated Transactions.

"***Parent Options***" shall mean options to purchase shares of Parent Common Stock from Parent (whether granted by Parent pursuant to the Parent Equity Plans, assumed by Parent or otherwise).

"***Parent Pension Plan***" shall mean each: (a) Parent Employee Plan that is an "employee pension benefit plan," within the meaning of Section 3(2) of ERISA; or (b) other occupational pension plan, including any final salary or money purchase plan.

"***Parent Preferred Stock***" is as described in the Parent SEC Documents.

"***Parent Product***" shall mean any product or service: (a) developed, manufactured, marketed, distributed, provided, leased, licensed or sold, directly or indirectly, by or on behalf of any Parent Entity; or (b) currently under development by or for any Parent Entity (whether or not in collaboration with another Person).

"***Parent Product Software***" shall mean any software (regardless of whether such software is owned by a Parent Entity or licensed to a Parent Entity by a third party) contained or included in or provided with any Parent Product or used in the development, manufacturing, maintenance, repair, support, testing or performance of any Parent Product.

"***Parent Series D Preferred Stock***" shall mean the Series D Preferred Stock, $0.01 par value per share, of Parent with the rights, preferences and powers set forth in the Certificate of Designation attached hereto as Exhibit C.

"***Parent Source Code***" shall mean any source code, or any portion, aspect or segment of any source code, relating to any Intellectual Property owned by or licensed to any of the Parent Entities or otherwise used by any of the Parent Entities, including the Parent Product Software.

"***Parent Stock***" shall mean the Parent Common Stock and the Parent Preferred Stock.

"***Parent Superior Offer***" shall mean an Acquisition Proposal with respect to Parent (whether through a tender offer, merger or otherwise), that is determined by the Parent Board, in its good faith judgment, after consulting with an independent financial advisor and outside legal counsel, and after taking into account the likelihood and anticipated timing of consummation, to be more favorable from a financial point of view to Parent's stockholders than the Contemplated Transactions.

"***Parent Triggering Event***" shall be deemed to have occurred if: (a) the Parent Board shall have determined that a Parent Superior Offer exists; or (b) Parent shall have entered into any letter of intent or similar document or any Contract relating to any Acquisition Proposal.

"***Parent Warrant***" means each outstanding warrant to acquire equity securities of the Company or any other right of any kind, other than a Parent Option, to acquire capital stock of Parent.

"***Person***" shall mean any individual, Entity or Governmental Body.

"***Registered IP***" shall mean all Intellectual Property Rights that are registered, filed or issued with, by or under the authority of any Governmental Body, including all patents, registered copyrights, registered mask works and registered trademarks and all applications for any of the foregoing.

"***Representatives***" shall mean directors, officers, employees, agents, attorneys, accountants, investment bankers, other advisors and representatives.

"***Sarbanes-Oxley Act***" shall mean the Sarbanes-Oxley Act of 2002, as it may be amended from time to time.

"***SEC***" shall mean the United States Securities and Exchange Commission.

"***Securities Act***" shall mean the Securities Act of 1933, as amended.

"***Subsidiary***" of a Person means an Entity in which such Person directly or indirectly owns or purports to own, beneficially or of record: (a) an amount of voting securities of or other interests in such Entity that is sufficient to enable such Person to elect at least a majority of the members of such Entity's Board of Directors or other governing body; or (b) at least 25% of the outstanding equity, voting or financial interests in such Entity.

"***Tax***" shall mean any federal, state, local, foreign or other tax (including any income tax, franchise tax, capital gains tax, gross receipts tax, value-added tax, surtax, estimated tax, unemployment tax, national health insurance tax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, withholding tax or payroll tax), levy, assessment, tariff, duty (including any customs duty), deficiency or fee, and any related charge or amount (including any fine, penalty or interest), whether disputed or not, imposed, assessed or collected by or under the authority of any Governmental Body.

"***Tax Return***" shall mean any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate, claim for review or other document or information, any schedule or attachment thereto, and any amendment or supplement to any of the foregoing, filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

EXHIBIT B
CERTIFICATE OF MERGER
of

HELOMICS HOLDING CORPORATION

with and into

HELOMICS ACQUISITION, INC.
(To be renamed Helomics Holding Corporation)

In accordance with Section 251 of the General Corporation Law of the State of Delaware, Helomics Holding Corporation hereby certifies as follows:

FIRST: That the name and state of incorporation of each of the constituent corporations of the merger is as follows:

NAME	STATE OF INCORPORATION
Helomics Holding Corporation	Delaware
Helomics Acquisition, Inc.	Delaware

SECOND: That an Agreement and Plan of Merger has been approved, adopted, executed and acknowledged by each of the constituent corporations in accordance with Section 251 of the General Corporation Law of the State of Delaware.

THIRD: The surviving corporation of the merger is Helomics Acquisition, Inc., to be renamed Helomics Holding Corporation in accordance herewith.

FOURTH: The certificate of incorporation of Helomics Acquisition, Inc., as in effect on the date hereof, will be the certificate of incorporation of the surviving corporation; provided that Article 1 of the certificate of incorporation is amended to state:

"1. Name. The name of the corporation is "Helomics Holding Corporation" (the "Corporation")."

FIFTH: The executed Agreement and Plan of Merger is on file at an office of the surviving corporation, the address of which is 91 43rd Street, Suite 220, Pittsburgh, PA 15201.

SIXTH: A copy of the Agreement and Plan of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent corporation.

SEVENTH: The Effective Time of the Merger shall be the time of the filing of this Certificate of Merger with the Secretary of State of the State of Delaware.

The undersigned corporations have caused this Certificate of Merger to be signed on _____, 2018.

[Signature Page Follows]

HELOMICS HOLDING CORPORATION

By: _____

Name: _____

Its: _____

HELOMICS ACQUISITION, INC.

By: _____

Name: _____

Its: _____

EXHIBIT C
CERTIFICATE OF DESIGNATION

See attached.

EXHIBIT 99.1

Filing under Rule 425 under the Securities Act of 1933 and deemed filed under Rule 14a-12 of the Securities Exchange Act of 1934 Filing by: Precision Therapeutics Inc.: SEC File Nos. 001-36790; and 333-221966

Precision Therapeutics Files Form S-4 Regarding Proposed Merger with Helomics Holding Corporation

MINNEAPOLIS, Oct. 29, 2018 (GLOBE NEWSWIRE) -- Precision Therapeutics Inc. (NASDAQ: AIPT) ("Precision" or "the Company"), a company focused on applying artificial intelligence to personalized medicine and drug discovery, has filed a Form S-4 registration statement with the Securities and Exchange Commission ("SEC") regarding its proposed merger transaction with Helomics Holding Corporation ("Helomics"), and has also filed a Current Report on Form 8-K regarding the Form S-4 filing.

To be added to the Precision Therapeutics' database, please email Info@MoneyInfo-llc.com with your email address. This is solely for the use of Precision Therapeutics and will not be sold or distributed to third parties.

Additional Information and Where to Find It

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This communication may be deemed to be solicitation material in respect of the proposed transaction between Precision and Helomics. In connection with the proposed transaction, Precision has filed a registration statement on Form S-4, containing an exchange offer prospectus, a proxy statement for the annual meeting of the stockholders of Precision, an information statement and other detailed information regarding the proposed merger and related matters (the "S-4") with the SEC.

Each of Precision and Helomics plans to mail the proxy statement/prospectus/information statement contained in the Form S-4 to its stockholders at a future date. The Form S-4 and proxy statement/prospectus/information statement contains important information about Precision, Helomics, the merger and related matters. Investors and stockholders should read carefully the proxy statement/prospectus/information statement and the other documents filed with the SEC in connection with the merger before they make any decision with respect to the merger. A copy of the merger agreement with respect to the merger has been filed by Precision as an exhibit to its Form 8-K dated October 26, 2018.

The identity of people who, under SEC rules, may be considered "participants in the solicitation" of Helomics stockholders in connection with the proposed merger, and a description of their interests, is disclosed in the S-4 filing made by Precision.

This communication is not a substitute for the registration statement, definitive proxy statement/prospectus/information statement or any other documents that Precision has filed or may file with the SEC or that Precision or Helomics may send to their respective security holders in connection with the proposed transaction.

SECURITY HOLDERS OF HELOMICS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS/INFORMATION STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

The proxy statement/prospectus/information statement, the Form 8-K and all other documents filed with the SEC in connection with the merger will be made available to investors free of charge on Precision's website at www.precisiontherapeutics.com. In addition, the proxy statement/prospectus, the Form 8-K and all other documents filed with the SEC in connection with the merger will be made available to investors free of charge by calling or writing to:

Bob Myers, Chief Financial Officer
Precision Therapeutics Inc
2915 Commers Drive, Suite 900
Eagan, MN 55121
Tel: 651-389-4806

In addition to the Form S-4, the proxy statement/prospectus/information statement and the other documents filed with the SEC in connection with the merger, Precision is obligated to file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements and other information filed with the SEC at the SEC's public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the other public reference rooms in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at www.sec.gov.

About Precision Therapeutics Inc.

Precision Therapeutics (NASDAQ: AIPT) operates in two business areas: first, applying artificial intelligence to personalized medicine and drug discovery to provide personalized medicine solutions for patients and clinicians as well as clients in the pharmaceutical, diagnostic, and biotech industries, and second, production of the FDA-approved STREAMWAY® System for automated, direct-to-drain medical fluid disposal. For additional information, please visit www.precisiontherapeutics.com.

Precision Therapeutics' medicine business is committed to improving the effectiveness of cancer therapy using the power of artificial intelligence (AI) applied to rich data diseases databases. This business has launched with Precision

Therapeutics' acquisition of Helomics Corporation, a precision medicine company and integrated clinical contract research organization whose mission is to improve patient care by partnering with pharmaceutical, diagnostic, and academic organizations to bring innovative clinical products and technologies to the marketplace. In addition to its proprietary precision diagnostics for oncology, Helomics offers boutique Contract Research Organization (CRO) services that leverage their patient-derived tumor models, coupled to a wide range of multi-omics assays (genomics, proteomics and biochemical), and a proprietary bioinformatics platform (D-CHIP) to provide a tailored solution to our client's specific needs. Helomics is 100% owned by Precision Therapeutics. Helomics® is headquartered in Pittsburgh, Pennsylvania where the company maintains state-of-the-art, CLIA-certified, clinical and research laboratories. For more information, please visit www.Helomics.com.

Precision Therapeutics has also announced the formation of a subsidiary, TumorGenesis to pursue a new rapid approach to growing tumors in the laboratory, which essentially “fools” the cancer cells into thinking they are still growing inside the patient. Precision Therapeutics and Helomics have also announced a proposed joint venture with GLG Pharma focused on using their combined technologies to bring personalized medicines and testing to ovarian and breast cancer patients, especially those who present with ascites fluid (over one-third of patients). The growth strategy in this business includes securing new partnerships and considering acquisitions in the precision medicine space.

Sold through the Skyline Medical business of Precision Therapeutics, The STREAMWAY System virtually eliminates staff exposure to blood, irrigation fluid and other potentially infectious fluids found in the healthcare environment. Antiquated manual fluid handling methods that require hand carrying and emptying filled fluid canisters present an exposure risk and potential liability. Skyline Medical's STREAMWAY System fully automates the collection, measurement, and disposal of waste fluids and is designed to: 1) reduce overhead costs to hospitals and surgical centers; 2) improve compliance with OSHA and other regulatory agency safety guidelines; 3) improve efficiency in the operating room, and radiology and endoscopy departments, thereby leading to greater profitability; and 4) provide greater environmental stewardship by helping to eliminate the approximately 50 million potentially disease-infected canisters that go into landfills each year in the U.S. For additional information, please visit www.skylinemedical.com.

Forward-looking Statements

Certain of the matters discussed in this announcement contain forward-looking statements that involve material risks to and uncertainties in the Company's business that may cause actual results to differ materially from those anticipated by the statements made herein. Such risks and uncertainties include (1) risks related to the proposed merger, including the fact that we may not complete the merger; we do not have complete information about Helomics; the combined company will not be able to continue operating without additional financing; possible failure to realize anticipated benefits of the merger; costs associated with the merger may be higher than expected; the merger may result in disruption of the Company’s and Helomics’ existing businesses, distraction of management and diversion of resources; delay in completion of the merger may significantly reduce the expected benefits; and the market price of the Company’s common stock may decline as a result of the merger; (2) risks related to our partnerships with other companies, including the need to negotiate the definitive agreements; possible failure to realize anticipated benefits of these partnerships; and costs of providing funding to our partner companies, which may never be repaid or provide anticipated returns; and (3) other risks and uncertainties relating to the Company that include, among other things, current negative operating cash flows and a need for additional funding to finance our operating plan; the terms of any further financing, which may be highly dilutive and may include onerous terms; unexpected costs and operating deficits, and lower than expected sales and revenues; sales cycles that can be longer than expected, resulting in delays in projected sales or failure to make such sales; uncertain willingness and ability of customers to adopt new technologies and other factors that may affect further market acceptance, if our product is not accepted by our potential customers, it is unlikely that we will ever become profitable; adverse economic conditions; adverse results of any legal proceedings; the volatility of our operating results and financial condition; inability to attract or retain qualified senior management personnel, including sales and marketing personnel; our ability to establish and maintain the proprietary nature of our technology through the patent process, as well as our ability to possibly license from others patents and patent applications necessary to develop products; the Company's ability to implement its long range business plan for various applications of its technology; the Company's ability to enter into agreements with any necessary marketing and/or distribution partners and with any strategic or joint venture partners; the impact of competition, the obtaining and maintenance of any necessary regulatory clearances applicable to applications of the Company's technology; and management of growth and other risks and uncertainties that may be detailed from time to time in the Company's reports filed with the Securities and Exchange Commission, which are available for review at www.sec.gov. This is not a solicitation to buy or sell securities and does not purport to be an analysis of the Company's financial position. See the Company's most recent Annual Report on Form 10-K, and subsequent reports and other filings at www.sec.gov.

Contacts:

Investor Relations
KCSA Strategic Communications
Elizabeth Barker
(212) 896-1203
ebarker@kcsa.com

MONEYINFO, LLC
Charles Moskowitz
617-827-1296
info@moneyinfo-llc.com

Pro Forma Combined Financial Information of Precision Therapeutics Inc

PRECISION THERAPEUTICS INC. UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Pro Forma Condensed Combined Balance Sheet as of June 30, 2018

	Precision Therapeutics[1]	Helomics Holding[2]	Purchase Adjustments	Debt Conversion Adjustments	Note 3	Proforma Combined
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 1,004,269	$ 528,889	$ -	$ -		$ 1,533,158
Accounts Receivable	315,327	133,709	-	-		449,036
Notes Receivable	167,512	-	(167,512)	-	(c)	-
Inventories	244,660	38,124	-	-		282,784
Prepaid Expense and other assets	275,476	13,825	-	-		289,301
Total Current Assets	2,007,244	714,547	(167,512)	-		2,554,279
Notes Receivable	1,112,524	-	-	-		1,112,524
Equity Method Investment	581,742		(581,742)	-	(d)	-
Equity Investment		1,243,000	(1,243,000)	-	(d)	-
Fixed Assets, net	184,385	1,799,669	-	-		1,984,054
Intangibles, net	115,139	167,789	-	-		282,928
Goodwill			15,156,985	-	(e)	15,159,985
Total Assets	$ 4,001,034	$ 3,925,005	$ 13,164,731	$ -		$ 21,090,770
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Accounts Payable	$ 165,588	$ 1,661,050	$ -	$ -		$ 1,826,638
Accrued Expenses	455,326	701,476	-	-		1,156,802
Cap leases	-	43,051	-	-		43,051
Notes payable	-	167,512	(167,512)	-	(c)	-
Notes payable – Senior Promissory Notes, $7,615,993 face value, plus interest, net of discount	-	5,649,023	-	(5,649,023)	(i)	-
Deferred Revenue	18,342	-	-	-		18,342
Total Current Liabilities	639,256	8,222,112	(167,512)	(5,649,023)		3,044,833
Total Liabilities	639,256	8,222,112	(167,512)	(5,649,023)		3,044,833
Commitments and Contingencies	-	-	-	-		-
Stockholders' Equity						
Series B Convertible Preferred Stock, $.01 par value, 20,000,000 authorized, 79,246 outstanding	792	2,500	(2,500)	-	(j)	792
Common Helomics	-	10,833	(10,833)	-	(j)	-
Common Stock, $.01 par value, 50,000,000 authorized, 23,331,600 outstanding	120,893	-	40,000	88,000	(k)	248,893
Preferred Series D Stock, $0.01 par value, 20,000,000 authorized, 3,500,000 outstanding			35,000		(k)	35,000
Additional paid-in capital	62,138,569	5,249,866	4,983,866	4,593,023	(l)	76,965,324
Accumulated Deficit	(58,898,476)	(9,758,306)	8,484,710	968,000	(m)	(59,204,072)
Accumulated Other Comprehensive income	-	198,000	(198,000)	-		-
Total Stockholders' Equity	3,361,778	(4,297,107)	13,322,243	5,649,023		18,045,937
Total Liabilities and Stockholders' Equity	$ 4,001,034	$ 3,925,005	$ 13,164,731	$ -		$ 21,090,770

[1] Derived from the Precision Therapeutics Inc. unaudited balance sheet as of June 30, 2018.

[2] Derived from the Helomics Holding Corporation unaudited balance sheet as of June 30, 2018.

Pro Forma Condensed Combined Statement of Operations - Six Months Ended June 30, 2018

	Precision[1]	Helomics[2]	Debt Conversion	Note 3	Pro Forma Combined Totals
Revenue	$ 770,179	$ 215,055	$ -		$ 985,234
Cost of goods sold	226,314	143,430	-		369,744
Gross margin	543,865	71,625	-		615,490
Expenses					
General and administrative expenses	1,945,670	1,725,925	-		3,671,595
Operations expenses	666,496	957,568	-		1,624,064
Sales and marketing expenses	1,104,623	179	-		1,104,802
Total expense	3,716,789	2,683,672	-		6,400,461
Income/loss from operations	(3,172,924)	(2,612,047)	-		(5,784,971)
Interest expense	-	1,917,333	-		1,917,333
Loss on equity method investment	(960,508)	-	960,508	(g)	-
Loss on convertible notes	-	-	-		-
Net loss available to common shareholders	(4,133,432)	(4,529,380)	960,508		(7,702,304)
Other comprehensive gain	-	198,000	-		198,000
Comprehensive loss	$ (4,133,432)	$ (4,331,380)	$ 960,508		$ (7,504,304)
Loss per common share - basic and diluted	(0.36)				(0.31)
Weighted average shares used in computation - basic and diluted	11,632,221			(b)	23,948,123

[1] Derived from Precision Therapeutics Inc. unaudited statement of operations for the six months ended June 30, 2018

[2] Derived from Helomics Holding Corporation unaudited statement of operations for the six months ended June 30, 2018

Pro Forma Condensed Combined Statement of Operations - Year Ended December 31, 2017

	Precision[1]	Helomics[2]	Purchase Adjustments	Debt Conversion Adjustments	Note 3	Pro Forma Combined Totals
Revenue	$ 654,836	$ 1,578,995				$ 2,233,831
Cost of goods sold	148,045	323,742				471,787
Gross margin	506,791	1,255,253				1,762,044
Expenses						
General and administrative expenses	6,041,485	3,854,926	599,062		(f)	10,495,473
Operations expenses	1,207,724	3,402,550				4,610,274
Sales and marketing expenses	1,004,175	8,500				1,012,675
Total expense	8,253,384	7,265,976	599,062			16,118,422
Income/loss from operations	(7,746,593)	(6,010,723)	(599,062)		(f)	(14,356,378)
Gain on settlement of note	-	215,516				215,516
Loss on derivative instrument	-	(1,153,998)				
Gain on debt conversion	-	-	-	968,000	(h)	968,000
Net loss available to common shareholders	(7,746,593)	(6,949,205)	(599,062)	968,000		(14,326,860)
Net loss	$ (7,746,593)	$ (6,949,205)	(599,092)	968,000		$ (14,326,860)
Loss per common share - basic and diluted	(1.22)					(0.79)
Weighted average shares used in computation - basic and diluted	6,362,989				(a)	18,093,212

Notes to the Unaudited Pro Forma Condensed Combined Statement of Operations:

[1] Derived from the Precision Therapeutics Inc. audited statement of operations for the year ended December 31, 2017

[2] Derived from the Helomics Holding Corporation audited statement of operations for the year ended December 31, 2017

Footnotes to Pro Forma Condensed Combined Financial Statements

Note 1 – Description of Transaction and Basis of Presentation

The unaudited pro forma condensed combined financial information was prepared in accordance with GAAP and pursuant to the rules and regulations of SEC Regulation S-X and present the pro forma financial position and results of operations of the combined companies based upon the historical data of Precision Therapeutics Inc. and Helomics Holding Corporation.

For the purposes of the unaudited pro forma combined financial information, the accounting policies of Precision and Helomics are aligned with no significant differences Accordingly, no effect has been provided for the pro forma adjustments described in Note 3, "Pro Forma Adjustments."

Description of Transaction

On June 28, 2018, Precision Therapeutics Inc. (the "Company") entered into an agreement and Plan of Merger (the "Merger Agreement") with Helomics Acquisition, Inc., a wholly-owned subsidiary of the Company (Merger Sub"), and Helomics Holding Corporation ("Helomics"). The Merger Agreement contemplates a forward triangular merger with Merger Sub surviving the merger with Helomics and becoming a wholly-owned operating subsidiary of the Company (the "Merger"). The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provision of Section 368(a) of the Code.

At the time of the merger, all outstanding shares of Helomics stock not already held by the Company will be converted into the right to receive a proportionate share of 4.0 million shares of common stock of the Company and 3.5 million shares of Series D Convertible Preferred Stock of the Company, ("Merger Shares"), in addition to the 1.1 million shares of the Company's common stock already issued to Helomics for the Company's initial 20% ownership in Helomics. Also, 860,000 shares of the merger consideration are to be held in escrow for 18 months to satisfy indemnification claims. Helomics' management team is expected to remain in their respective leadership positions at Helomics and to manage the existing TumorGenesis operations.

Helomics currently has outstanding $8.8 million in promissory notes and warrants to purchase 23.7 million shares at an exercise price of $1.00 per share of Helomics common stock held by the investors in the notes. Helomics agrees to use commercially reasonable efforts to cause the holder of each such promissory note to enter into an agreement whereby such holder agrees that, effective upon the closing of the Merger, (a) all or a certain portion of the indebtedness evidenced by such promissory note shall be converted into common stock in the Company, (b) all of such holder's Helomics' warrants shall be converted into warrants of the Company, and (c) the unconverted portion of said indebtedness shall be converted into a promissory note issued by the Company dated as of the closing of the Merger. The Merger is expressly conditioned on the holders of at least 75% of the $8.8 million in outstanding Helomics promissory notes agreeing to such an exchange (and the parties contemplate that each Helomics warrant will be exchanged for a Company warrant at a ratio of 0.6 Precision warrants for each Helomics warrant, with an exercise price of $1.00 per share. The common stock issuable upon exercise of the Company warrants will be registered in connection with the Merger).

In addition, Helomics has 995,000 warrants held by other parties at an exercise price of $0.01 per share of Helomics common stock. It is contemplated that these warrants will be exchanged at the time of the closing of the Merger for warrants to purchase 597,000 shares of Company common stock at $0.01 per share.

The Merger Agreement also obligates the Company to approve, prior to the closing of the Merger, the grant of stock options exercisable for an aggregate of 900,000 shares of common stock in the Company under the Company's existing equity plan to the employees and consultants of Helomics designated by Helomics, according to the allocation determined by Helomics in good faith consultation with the Company.

Completion of the Merger is also subject to (i) customary closing conditions including the approval of the merger by the stockholders of both companies, (ii) certain materiality-based exceptions, (iii) the accuracy of the representations and warranties made by, and the compliance or performance of the obligations of, each of the Company and Helomics set forth in the Merger Agreement, (iv) satisfactory results of the Company's due diligence of Helomics, and (v) satisfactory results of Helomics' due diligence of the Company.

The Merger likewise contains customary representations, warranties and covenants, including covenants obligating each of the Company and Helomics to continue to conduct their respective businesses in the ordinary course, and to provide reasonable access to each other's information. Finally, the Merger Agreement contains certain termination rights in favor of each of the Company and Helomics.

Basis of Presentation

Management has preliminarily concluded that the transaction represents a business combination pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 805, *Business Combinations.* Management has not yet completed an external valuation analysis of the fair market value of Helomics assets to be acquired and liabilities to be assumed. Using the estimated total consideration for the transaction, management has estimated the allocations to such assets and liabilities. The preliminary purchase price allocation has been used to prepare pro forma adjustments in the unaudited pro forma condensed combined balance sheet. The final purchase price allocation will be determined when management has determined the final consideration and completed the detailed valuations and other studies and necessary calculations. The final purchase price allocation could differ materially from the preliminary purchase price allocation used to prepare the pro forma adjustments. The final purchase price allocation may include: (i) changes in allocation to intangible assets and bargain purchase price gain or goodwill based on the results of certain valuations and other studies that have yet to be completed, (ii) other changes to assets and liabilities and (iii) changes to the ultimate purchase consideration.

Note 2 – Preliminary Purchase Price Allocations

Management has performed a preliminary valuation analysis of the fair market value of Helomics assets and liabilities. The following table summarizes the allocation of the preliminary purchase price as of the acquisition date:

Cash and cash equivalents	$	528,869
Accounts receivable		133,709
Inventories		38,124
Prepaid expense and other assets		13,825
Fixed Assets		1,799,669
Intangibles, net		167,789
Accounts payable		(1,661,051)
Accrued expenses		(701,476)
Capital leases		(43,051)
Interest on notes		(1,142,399)
Convertible notes		(7,615,993)
Goodwill		15,156,985(i)
Total consideration	$	6,675,000(j)

(i)To reflect the goodwill recognized as a result of the transaction.

(j)Consideration of $6,675,000 represents the market value ($0.89 per share as of October 15, 2018) on approximately 4.0 million shares of Precision common stock and 3.5 million shares of Precision Series D Convertible Preferred Stock.

The allocation of the estimated purchase price is preliminary because the proposed Merger has not yet been completed. The purchase price allocation will remain preliminary until management determines the fair values of assets acquired and liabilities assumed. The final determination of the purchase price allocation is anticipated to be completed as soon as practicable after completion of the Merger and will be based on the fair values of the assets acquired and liabilities assumed as of the Merger closing date. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.

Under the acquisition method of accounting, the total purchase price is allocated to the acquired tangible and intangible assets and assumed liabilities of Helomics based on their estimated fair values as of the transaction closing date. The excess of the acquisition consideration paid over the estimated fair values of net assets acquired will be recorded as goodwill in the condensed combined balance sheet.

The following table illustrates the effect of change in Precision common stock price and the resulting impact on the estimated total purchase price and estimated goodwill.

Change in Stock Price		Stock Price	Estimated Purchase Price	Estimated Goodwill
Increase by 10%	$	0.98	7,342,500	15,824,485
Decrease by 10%	$	0.80	6,007,500	14,489,485
Increase by 20%	$	1.07	8,010,000	16,491,985
Decrease by 20%	$	0.71	5,340,000	13,821,985
Increase by 30%	$	1.16	8,677,500	17,159,485
Decrease by 30%	$	0.62	4,672,500	13,154,485
Increase by 50%	$	1.34	10,012,500	18,494,485
Decrease by 50%	$	0.45	3,337,500	11,819,485

Note 3 – Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information.

(a) Represents the weighted average shares of common stock for the December 31, 2017 condensed combined statement of operations calculated by (a) taking the actual weighted average common stock basic and diluted as of that date divided by the actual common stock outstanding as of that date; then, (b) the newly acquired shares of common stock are added to the existing common shares outstanding for the pro forma combined total of outstanding common shares. The sum of the new shares in (b) is multiplied by the ratio determined from the original calculation in (a) for estimated weighted average shares in the pro forma.
(b) Represents the weighted average shares of common stock for the June 30, 2018 condensed combined statement of operations calculated by (a) taking the actual weighted average common stock basic and diluted as of that date divided by the actual common stock outstanding as of that date; then, (b) the newly acquired shares of common stock are added to the existing common shares outstanding for the pro forma combined total of outstanding common shares. The sum of the new shares in (b) is multiplied by the ratio determined from the original calculation in (a) for estimated weighted average shares in the pro forma.
(c) Assumes the elimination of the note payable due from Helomics to the Company as of June 30, 2018.
(d) Represents the elimination of the Company's previously held equity method investment in Helomics, as well as Helomics' previously held interest in the Company.
(e) Represents the calculation of goodwill (Refer to Note 2 for discussion of Goodwill).
(f) Represents the valuation of the 900,000 employee stock options issued for the Helomics employees on completion of the merger.
(g) Represents the elimination of the equity method investment loss in 2018 since the Merger is considered completed as of January 1, 2017 for pro forma purposes.
(h) Represents the gain on debt conversion for the Precision common shares and warrants issued to the noteholders at $0.89, which is under the $1.00 deal price.
(i) Reflects conversion of the outstanding Helomics convertible notes through issuance of Precision common stock and warrants to purchase common stock to the convertible note holders, concurrent with the merger transaction.
(j) Reflects elimination of historical Helomics equity balances.
(k) Represents issuance 4 million shares of Precision common stock and 3.5 million shares of Precision Series D preferred stock to Helomics common stockholders as merger consideration, as well as issuance of $8.8 million shares of Precision common stock to holders of Helomics convertible notes, concurrent with the merger transaction.
(l) Purchase adjustments: represents elimination of historical Helomics paid-in capital, offset by issuance of Precision common and preferred shares as merger consideration, as well as stock options issued to Helomics employees concurrent with the merger transaction. Debt conversion adjustments: represents issuance of Precision common stock to holders of Helomics’ convertible notes, concurrent with the merger transaction.
(m) Purchase adjustments: represents elimination of historical Helomics accumulated deficit, offset by compensation expense for stock options issued to Helomics employees concurrent with the merger transaction. Debt conversion adjustments: represents gain on conversion of Helomics convertible notes into Precision common shares, concurrent with the merger transaction.

Historical Financial Statements of Helomics Holding Corporation

HELOMICS HOLDING CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2018

Helomics Holding Corporation and Subsidiaries
Condensed Consolidated Balance Sheet
For the six months ended June 30, 2018 and for year ended December 31, 2017

	6/30/2018 (Unaudited)	12/31/2017 (derived from 2017 audited financial statements)
Current Assets:		
Cash & Cash Equivalents	$ 528,889	$ 45,016
Accounts Receivable, net	133,709	424,299
Inventories, net	38,124	40,279
Prepaid Expenses	13,825	7,567
Total Current Assets	714,547	517,161
Fixed Assets, net	1,799,669	2,398,844
Intangible, net	167,789	174,803
Equity Investment	1,243,000	-
Total Assets	$ 3,925,005	$ 3,090,808
Current Liabilities:		
Accounts Payable	$ 1,661,049	$ 2,251,751
Accrued Expenses	701,476	682,170
Capital Leases - Short Term	43,051	85,840
Notes Payable - Precision Therapeutics	167,512	667,512
Notes Payable - Senior Promissory, $7,615,993 face value, plus interest, net of discount	5,649,023	3,461,995
Derivative Liability	-	1,153,998
Total Current Liabilities	8,222,112	8,303,266
Capital Leases - Long Term	-	5,258
Total Liabilities	8,222,112	8,308,524
Stockholders' Deficit		
Preferred Stock, 5mm authorized, 2.5mm and 0 outstanding, respectively	2,500	-
Common Stock, $.001 par value, 50mm authorized, 10.8mm and 10mm outstanding, respectively	10,833	10,000
Additional Paid In Capital	5,249,867	1,210
Accumulated Deficit	(9,758,306)	(5,228,926)
Accumulated other comprehensive income	198,000	-
Total Stockholders' Deficit	(4,297,107)	(5,217,716)
Total Liabilities and Stockholders' Deficit	$ 3,925,005	$ 3,090,808

Helomics Holdings Corporation and Subsidiaries
Condensed Consolidated Statement of Operations
For the six months ended June 30, 2018 and June 30, 2017
(Unaudited)

	For the Six Months Ended	
	06/30/18	06/30/17
Revenue	$ 215,055	$ 771,751
Cost of Goods Sold	143,430	203,103
Gross Margin	71,625	568,648
General & Administrative Expense	1,725,925	2,220,691
Operations Expense	957,568	1,808,010
Sales & Marketing Expense	179	8,000
Total Expense	2,683,672	4,036,701
Net Loss on Operations	(2,612,047)	(3,468,053)
Interest Expense	1,917,333	9,467
Net Loss	$ (4,529,380)	$ (3,477,520)
Other Comprehensive Gain	198,000	-
Comprehensive Loss	$ (4,331,380)	$ (3,477,520)

Helomics Holdings Corporation and Subsidiaries
Condensed Consolidated Statement of Equity
(Unaudited)

	Preferred Stock		Common Stock					
	Shares	Amount	Shares	Amount	Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at 12/31/16	-	$ -	10,000,100	$ 10,000	$ 1,210	$ -	$ 1,720,279	$ 1,731,489
Net Loss							(3,477,520)	(3,477,520)
	-	-	-	-				
Balance at 06/30/17	-	-	**10,000,100**	**10,000**	**1,210**	-	**(1,757,241)**	**(1,746,031)**
Balance at 12/31/17	-	-	10,000,100	10,000	1,210	-	(5,228,926)	(5,217,716)
Issuance of Preferred Stock, 2,500,000 shares, $.001 per share	2,500,000	2,500			1,042,500			1,045,000
Issuance of Common Stock, 833,333 shares, $.001 per share			833,333	833	499,167			500,000
Warrants Issued w/Convertible Notes					3,706,990			3,706,990
Unrealized gains on equity investment						198,000		198,000
								-
Net Loss							(4,529,380)	(4,529,380)
Balance at 06/30/18	**2,500,000**	**$ 2,500**	**10,833,433**	**$ 10,833**	**$ 5,249,867**	**$ 198,000**	**$ (9,758,306)**	**$ (4,297,106)**

Helomics Holding Corporation and Subsidiaries
Condensed Consolidated Statement of Cash Flows
June 30, 2018 (Unaudited)

	06/30/18	06/30/17
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (4,529,380)	$ (3,477,520)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt issuance costs	1,740,019	-
Depreciation and amortization	606,190	822,196
Changes in operating assets and liabilities:		
Receivables	290,590	109,193
Prepaid expenses & other assets	(6,258)	66,428
Inventories	2,155	7,921
Accounts payable and accrued liabilities	(571,396)	21,432
Net Cash Used In Operating Activities	(2,468,081)	(2,450,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from senior promissory notes	3,000,000	2,182,107
Payments on capital leases	(48,047)	(43,040)
Net Cash Provided by Financing Activities	2,951,953	2,139,067
Net Increase/(Decrease) In Cash And Cash Equivalents	483,872	(311,283)
CASH AND CASH EQUIVALENTS		
Beginning of period	45,016	394,468
End of period	$ 528,889	$ 83,186
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the period for interest	$ 4,588	$ 8,355
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES		
Conversion of debt to common stock	$ 500,000	$ -

NOTE 1 - ORGANIZATION

A. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Helomics Holding Corporation (Company or Helomics) was originally incorporated on November 15, 2016 in Delaware as Helomics Corporation. The Company commenced its operations on December 7, 2016, when Helomics Holding Corporation, through its wholly-owned subsidiary Helomics Intermediate Corporation, acquired all of the outstanding shares of the Helomics Corporation. Helomics® is a personalized medicine company providing an actionable roadmap for patients and their oncologist to guide therapy and positively impact patient outcomes. Helomics has a highly valuable asset in the form of actionable big data on patients with cancer that details how their tumors respond to chemotherapy. The Company's business model consists of three complementary pillars, all of which are currently revenue- generating and have growth strategies in place. The Company's initial pillar is the Precision Oncology Insights business, which involves comprehensive tumor profiling, using the power of Artificial Intelligence and the D-CHIP, to provide a personalized oncology roadmap for patients and their oncologists. The Company's second pillar offers boutique CRO (Contract Research Organization) services that leverage the Company's TruTumor™, patient-derived tumor models coupled to a wide range of multi-omics assays (genomics, proteomics and biochemical), and a proprietary bioinformatics platform (D-CHIP) to provide a tailored solution to the Company's client's specific needs. The Company's third pillar, the D-CHIP bioinformatics, is a proprietary Artificial Intelligence-powered bioinformatics engine that provides actionable insights from the rich patient data Helomics collects as part of its diagnostic business. Pharma and diagnostics companies use the D-CHIP to aid disease diagnosis or drive patient selection for clinical trials.

Helomics is specifically attentive toward oncology insights for six specific cancers (ovarian, breast, pancreatic, colon, lung and brain cancer), and the Company intends to be the world leader in the artificial intelligence for those six cancers, providing actionable data that can facilitate the development of precision therapies.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has suffered recurring losses from operations and was purchased by a new ownership group on December 7, 2016. The Company has experienced negative cash flows from operations since inception, and operations have been funded by debt and equity issuances. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not contain any adjustments to reflect the possible future effects of the recoverability or classification of assets or the amounts and classifications of liabilities that may result.

The Company plans to raise additional capital to fund operations through equity issuances after the completion of the merger (see Note 13) through the parent company, Precision Therapeutics.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied by management in the preparation of the accompanying financial statements follows:

A. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Helomics Holding Corporation, and its subsidiaries, Helomics Intermediate Corporation, and Helomics Corporation. All material intercompany accounts and transactions have been eliminated in consolidation.

B. ACCOUNTING POLICIES AND ESTIMATES

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. ADVERTISING

Advertising costs are expensed as incurred. Advertising expenses were $179 for the six months ended June 30, 2018 and $8,000 for the six months ended June 30, 2018 and the six months ended June 30, 2017, respectively.

D. RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations as incurred. There were no research and development costs incurred for the six months ended June 30, 2018 and year ended December 31, 2017.

E. REVENUE RECOGNITION

The Company recognizes revenue in accordance with ASC 605 - *Revenue Recognition*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company recognizes revenue when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured.

F. CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximate fair value. The Company at times maintains cash balances at financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company believes it has placed its cash with high credit quality financial institutions and does not believe it is exposed to any significant credit risk.

G. FAIR VALUE MEASUREMENTS

Under generally accepted accounting principles as outlined in the FASB's ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets for identical assets and liabilities,

Level 2 - Inputs other than quoted prices in active markets, that are observable either directly or indirectly for similar assets and liabilities; and

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation. The carrying amounts of our cash, accounts receivable and accounts payable approximated fair value at June 30, 2018 and December 31, 2017 due to their short-term nature (Level 1). The Company has classified the embedded derivative instrument as a Level 3 financial instrument in the Fair Value Hierarchy at December 31, 2017. The Company has no Level 3 financial instruments at June 30, 2018 as the convertible notes were exercised during 2018 and no longer contain an embedded derivative instrument (See Note 4).

H. RECEIVABLES

Receivables are reported at the amount the Company expects to collect on balances outstanding. The Company provides for probable uncollectible amounts through charges to earnings and credits to the valuation based on management's assessment of the current status of individual accounts, changes to the valuation allowance have not been material to the financial statements.

I. INVENTORIES

Inventories are stated at the lower of cost or net realizable value, with cost determined on a first-in, first- out basis. Inventory balances are as follows:

	June 30, 2018	December 31, 2017
Lab Operating Supplies	$ 68,200	$ 72,022
Inventory Reserve	(30,076)	(31,743)
Total	$ 38,124	$ 40,279

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful asset life by classification is as follows:

	Years		
Computer Equipment & Software		3	
Leasehold Improvements		5	
Laboratory Equipment	5	-	7
Furniture & Fixtures		3	

The Company's investment in fixed assets consists of the following:

	June 30, 2018	December 31, 2017
Computer Equipment & Software	$ 459,181	$ 459,181
Leasehold Improvements	56,154	56,154
Laboratory Equipment	3,432,523	3,432,523
Furniture & Fixtures	194,710	194,710
Total	4,142,568	4,142,568
Less: Accumulated Depreciation	(2,342,899)	(1,743,724)
Total Fixed Assets, net	$ 1,799,669	$ 2,398,444

Upon retirement or sale, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

Depreciation expense was $599,176 for the six months ended June 30, 2018 and $822,196 for the six months ended June 30, 2017.

K. INTANGIBLE ASSETS

Intangible assets consist of trademarks and patent costs. Amortization expense was $7,014 for the six months ended June 30, 2018 and $0 for the six months ended June 30, 2017. The assets are amortized over eighteen years and are reviewed for impairment annually, and impairment losses, if any, are charged to operations when identified.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company reviews identifiable intangible assets for impairment in accordance with ASC 350 - *Intangibles - Goodwill and Other*, whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The Company's intangible assets are currently solely the costs of obtaining trademarks from the Company's acquisition of Helomics. Events or changes in circumstances that indicate the carrying amount may not be recoverable include, but are not limited to, a significant change in the medical device marketplace and a significant adverse change in the business climate in which the Company operates. If such events or changes in circumstances are present, the undiscounted cash flows method is used to determine whether the intangible asset is impaired. Cash flows would include the estimated terminal value of the asset and exclude any interest charges. If the carrying value of the asset exceeds the undiscounted cash flows over the estimated remaining life of the asset, the asset is considered impaired, and the impairment is measured by reducing the carrying value of the asset to its fair value using the discounted cash flows method. The discount rate utilized is based on management's best estimate of the related risks and return at the time the impairment assessment is made. Based on the Company's evaluation, no impairment expense has been recognized for the six-month period ended June 30, 2018 or 2017.

L. INCOME TAXES

The Company accounts for income taxes in accordance with ASC 740- *Income Taxes (ASC 740)*. Under ASC 740, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to impact taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on technical merits of the positions. The Company has identified no income tax uncertainties.

Tax years subsequent to 2014 remain open to examination by federal and state tax authorities.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (Tax Reform Act) was signed into law, making significant changes to the Internal Revenue Code. Changes include a reduction in the corporate tax rates, changes to operating loss carry-forwards and carrybacks, and a repeal of the corporate alternative minimum tax. The legislation reduces the U.S. corporate income tax rates from 34% to 21%. As a result of the enacted law, the Company is required to revalue its deferred tax assets and liabilities at the new enacted rate.

M. PATENTS AND INTELLECTUAL PROPERTY

All Patents and IP in use by the Company are currently owned by Healthcare Royalty Partners (former owners) and are being used by Helomics in accordance with the Merger Agreement between Helomics and HealthCare Royalty Partners. The Company agreed to a term sheet for a nonexclusive license agreement on the patented ChemoFx technology. Terms were for an 8% royalty on net sales of ChemoFx. As of the date of this report, the license agreement has not been finalized, and no accrued royalty has been recognized.

N. RISKS AND UNCERTAINTIES

The Company is subject to risks common to companies in the clinical diagnostic and service industry, including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, and compliance with regulations of the FDA and other governmental agencies.

O. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and created a new topic in the FASB Accounting Standards Codification (ASC), Topic 606, and has since amended the standard with ASU 2015-14, *"Revenue from Contracts with Customers: Deferral of the Effective Date"* (ASU 2016-08), *"Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)"* (ASU 2016-10), *"Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing"* (ASU 2016-12), *"Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients"* (ASU 2017-13). These new standards provide a single comprehensive revenue recognition framework for all entities and supersedes nearly all existing U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and also requires enhanced disclosures. The amendments are effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. Early application is permitted. The FASB will allow two adoption methods, the full retrospective and modified retrospective approaches. This standard will be effective for the Company for all contracts with customers existing as of January 1, 2019. We do not expect that implementation in the first quarter of 2019 using the modified retrospective approach will have a material effect on revenue, gross margin or operating income.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). The standard changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. Under the new guidance, entities will be required to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. The standard is effective for fiscal years beginning after December 15, 2018 including interim periods within those fiscal years. The Company does not believe that the adoption of this guidance will have a material impact on its financial statements and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842* (ASU 2016-02), which requires lessees to put most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. The standard states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the timing of its adoption and the impact that the updated standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, to address diversity in how certain cash receipts and cash payments are presented and classified in the statements of cash flows. The amendments are effective for non-public business entities for fiscal years beginning after December 15, 2018. The amendments should be applied using a retrospective transition method to each period presented. If retrospective application is impractical for some of the issues addressed by the update, the amendments for those issues would be applied prospectively as of the earliest date practicable. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of ASU 2016-15 to have a material impact on its financial statements.

P. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In July 2017, FASB issued ASU 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. The amendments in this update are intended to simplify the accounting for certain equity-linked financial instruments and embedded features with down round features that result in the strike price being reduced on the basis of the pricing of future equity offerings. Under the new guidance, a down round feature will no longer need to be considered when determining whether certain financial instruments or embedded features should be classified as liabilities or equity instruments. That is, a down round feature will no longer preclude equity classification when assessing whether an instrument or embedded feature is indexed to an entity's own stock. In addition, the amendments clarify existing disclosure requirements for equity-classified instruments. These amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, with early adoption permitted. The Company early adopted the applicable amendments in 2017 on a retrospective basis, which permitted the Company to classify the warrants issued along with its Convertible Promissory Notes containing such down round provisions as equity instruments within stockholders’ equity.

The Company reviewed all other significant newly issued accounting pronouncements and determined they are either not applicable to its business or that no material effect is expected on its financial position and results of its operations.

NOTE 3 – PREVIOUS OWNERSHIP CHANGE

On December 7, 2016, all of the Company's outstanding shares of stock were purchased by Helomics Holding Corporation. In exchange for the shares received, Helomics Holding Corporation agreed to pay the seller, HealthCare Royalty Partners LP, the principal sum of $1,747,204, plus the subsequent payroll amount funded post sale, in the form of a promissory note. The promissory note carried a term of ninety (90) days with an interest rate of 5% per annum. Any unpaid balance of principal and interest past ninety (90) days would carried an interest charge of 15% per annum. In 2017, the Company agreed to assume additional payables that originally were retained by Health Care Royalty Partners in the acquisition, in exchange for forgiving the remaining balance of the note. As a result, on October 18, 2017, the Company recognized additional liabilities of $615,108, and recognized a gain of $215,516 for the difference in the additional amount assumed, and the open principal balance of the note.

NOTE 4 - SENIOR PROMISSORY NOTES

Commencing on December 7, 2016 and through September 19, 2017, the Company, through a series of transactions with various investors, raised $3,461,995 through the sale of convertible promissory notes with various maturity dates that could be extended by the Company with an automatic conversion feature in the event of qualified financing. The Company issued warrants equal to 1% of the offering price to note holders to purchase shares of common stock at an exercise price of $1.00 per share. In connection with the offering, the Company paid the placement agent a placement agent fee of 8% of the gross proceeds received in the offering, 5% net payout of which was paid to the placement agent's brokers in connection with the offering. Additionally, the Company issued placement agent warrants to purchase 20% of the aggregate number of common stock purchase warrants sold in the offering, with an exercise price of $0.01 per share.

Between the period of January 5, 2018 and April 18, 2018, through a series of transactions with various investors, the Company raised $3,000,000 through the sale of senior promissory notes. The issuance of these senior notes triggered a qualified financing event and thus the convertible promissory notes issued in 2016 and 2017 were converted into the senior promissory notes. As a result of this conversion the original notes totaling $3,461,995 converted to $4,615,993 of senior promissory notes. In addition, the Company was required to issue an additional 5,769,992 warrants to purchase common stock of the Company. The terms of the convertible promissory notes for the year ended December 31, 2017, prior to conversion, included maturity dates ranging from June 30, 2018 to September 20, 2018 and bore no interest.

NOTE 4 - SENIOR PROMISSORY NOTES (Continued)

At June 30, 2018 and December 31, 2017, outstanding convertible promissory notes consisted of:

	June 30, 2018	December 31, 2017
Convertible Debt	$ 7,615,993	$ 3,461,995
Debt Discounts - Warrants	(1,966,970)	-
	$ 5,649,023	$ 3,461,995

NOTE 5 - NOTES PAYABLE - PRECISION THERAPEUTICS

Between October and December 2017, the Company received funds totaling $600,000 in the form of promissory notes from Precision Therapeutics (formerly Skyline Medical). In addition, Precision Therapeutics also funded a down payment of $67,512 for laboratory equipment that was received by the Company in December 2017. In total, the amount of $667,512 was collateralized by equipment owned by the Company in excess of $700,000, and the secured promissory notes bear interest of 8% per annum. In January 2018 $500,000 of these notes were converted into common stock. Remaining amounts are due on demand.

NOTE 6 - EQUITY

On December 6, 2016, the Company amended its Certificate of Incorporation to increase the authorized shares of its common stock, $.001 par value, to 50,0000,000 shares from 1,000,000 shares and increase the authorized shares of its preferred stock, .001 par value, to 5,000,000 shares from 100,000 shares.

Common Stock

At June 30, 2018 and December 31, 2017, the Company had issued and outstanding 10,833,433 and 10,000,100 shares of its common stock, respectively.

Preferred Stock

At June 30, 2018 and December 31, 2017, the Company had issued and outstanding 2,500,000 and 0 shares, respectively. The terms of the preferred stock are described below:

NOTE 6 – EQUITY (Continued)

Voting

The preferred stockholders are entitled to vote, together with the holders of common stock as one class, on all matters to which holders of common stock shall be entitled to vote, in the same manner and with the same effect as the common stock holders.

Dividends

The holders of the preferred stock shall be entitled to receive dividends, when, as, and if declared by the board of directors, ratably with any declaration or payment of any dividend on common stock. To date there have been no dividends declared or paid by the Company.

Liquidation

The holders of the preferred stock shall be entitled to receive, before and in preference to, any distribution of any assets of the Company to the holders of common stock, an amount equal to $0.001 per share, plus any declared but unpaid dividends.

NOTE 7 - STOCK WARRANTS

Stock warrant transactions for the period December 31, 2017 through June 30, 2018 were as follows:

	Warrants	Exercise Price
Warrants outstanding & exercisable at December 31, 2017	4,154,394	$0.01 - 1.00
Investor warrants	11,769,992	1.00
Placement agent warrants	300,000	0.01
Warrants outstanding & exercisable at June 30, 2018	16,224,386	$.01 - 1.00

Exercise Price	# of Shares under Warrants
$ 0.01	992,399
$ 1.00	15,231,987
Total Warrants	16,224,386

The common stock warrants have an expiration date of five years term from issuance date and an exercise price of $1.00.

NOTE 8 - INCOME TAXES

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Tax Reform Act was enacted December 22, 2017. Effective January 1, 2018, the Tax Reform Act reduced corporate income tax rates from 34% to 21%. Other changes effect operating loss carryforwards and carrybacks, as well as a repeal of the corporate alternative minimum tax. As a result of the Tax Reform Act, deferred tax assets and liabilities will be remeasured to account for the lower tax rates.

There was no income tax impact from the remeasurement due to the 100% valuation allowance on the Company’s deferred tax assets. There is no federal or state income tax provision in the accompanying statements of operations due to the cumulative operating losses incurred and 100% valuation allowance for the deferred tax assets.

During June 2013 and December 2016, the Company experienced an "ownership change" as defined in Section 382 of the Internal Revenue Code, which could potentially limit the ability to utilize the Company’s net operating losses (NOLs). The general limitation rules allow the Company to utilize its NOLs subject to an annual limitation that is determined by multiplying the federal long-term tax-exempt rate by the Company’s value immediately before the ownership change.

At June 30, 2018 and December 31, 2017, the Company had approximately $241,984,595 and $232,694,288 of gross NOLs to reduce future federal taxable income, subject to the Section 382 limitation described above. The federal NOLs will expire beginning in 2019 if unused. The Company's net deferred tax assets, which include the NOLs, are subject to a full valuation allowance. At December 31, 2017 and 2016, the federal and state valuation allowances were $62.9 million and $93.1 million, respectively.

The valuation allowance has been recorded due to the uncertainty of realization of the benefits associated with the net operating losses. Future events and changes in circumstances could cause this valuation allowance to change.

The Company's federal and state tax filings, prior to and post ownership change, had not been filed therefore the Company expects to be subject to penalties and late fees for untimely filing. The Company is in the process of completing the unfiled returns, however the company has estimated the amounts to be immaterial.

NOTE 9 - LEASE OBLIGATIONS

The Company's corporate offices are located at 91 43rd Street Pittsburgh, PA. On October 17, 2017, the Company signed a second amendment to its lease last amended on February 28, 2016. The lease, as amended, has a three-year term effective February 1, 2018, ending January 31, 2021. The Company leases 17,417 square feet at this location, of which approximately 1,000 square feet are used for office space and 16,417 square feet is used for laboratory operations. The Company expects that this space will be adequate for its current office and laboratory needs. Rent expense was $222,608 and $588,445 for the six months ended June 30, 2018 and for the year ended December 31, 2017, respectively.

The Company's remaining rent obligation for the next four years is as follows:

Year Ended	Amount
2018	$ 196,725
2019	393,450
2020	393,450
2021	32,788
Total	$ 1,016,413

NOTE 10 - CAPITAL LEASE OBLIGATIONS

In December 2017 the Company financed the purchase of equipment with a value of $126,120, through a capital lease arrangement of $63,095 and from a note from Precision Therapeutics of $63,095. The value of the equipment is included in the laboratory equipment within the fixed assets on the consolidated balance sheet.

Future minimum capital lease payments as of June 30, 2018 were comprised of the following:

2018	$ 40,727
2019	$ 5,488
Total of 2018 and 2019	$ 46,215
Less: Amounts representing interest	(3,164)
	$ 43,051

NOTE 11 - RETIREMENT SAVINGS PLANS

The Company has a pre-tax salary reduction/profit-sharing plan under the provisions of Section 401(k) of the Internal Revenue Code, which covers employees meeting certain eligibility requirements. In fiscal 2018 and 2017, the Company matched 100%, of the employees' contribution up to 4.0% of their earnings. The employer contribution was $10,529 and $19,461 for the six months ended June 30, 2018 and for the six months ended June 30, 2017, respectively. There were no discretionary contributions to the plan in 2018 and 2017.

NOTE 12 - SALE OF PREFERRED STOCK

On January 12, 2018, Helomics Holding Corporation issued 2,500,000 shares of its Series A Preferred Stock to Precision Therapeutics Inc. ("Precision") in exchange for 1,100,000 shares of Precision common stock, with a market value of $0.95 per share. The shares of Helomics preferred stock are convertible into 20% of the outstanding capital stock of Helomics. The 1,100,000 shares of Precision common stock are being held in escrow for Helomics pursuant to an escrow agreement under which the shares will be released following a determination that Helomics' revenues in any 12-month period have been equal to or greater than $8,000,000. The asset for this transaction is recorded on the balance sheet as equity investment. The Company recorded an unrealized gain on the securities of $198,000 reflective of the stock price of $1.13 at June 30, 2018.

In addition, on February 27, 2018, Precision converted $500,000 in principal amount of secured notes into 833,333 shares of Helomics common stock. The Helomics shares held by Precision, in the aggregate, represent 25% of the outstanding capital stock of Helomics on an as-converted basis.

NOTE 13 - ACQUISITION

On June 28, 2018, the Company entered into a definitive merger agreement with Precision Therapeutics Inc. to acquire the remaining stock. Under the terms of the deal, upon completion of the merger all outstanding shares of Helomics stock not already held by Precision will be converted into the right to receive a proportionate share of 4.0 million shares of newly issued Precision common stock ("Merger Shares"), and 3.5 million shares of newly issued Precision preferred stock, in addition to the 1.1 million Precision shares already issued to Helomics for Precision's initial 20% ownership in Helomics. The merger is conditioned on at least 75% of Helomics' $8.8 million in outstanding promissory notes being exchanged for additional shares of Precision common stock at $1.00 per share. In addition, all or a significant portion of 23.7 million Helomics warrants will be exchanged for warrants to purchase Precision common stock, at a ratio of 0.6 Precision warrants for each Helomics warrant.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Company has several legal claims brought against it in 2017 from vendors seeking payment on past due invoices. All claims were settled amicably, and payment plans have been agreed upon whereby the outstanding amounts will be paid in full, all of which the liability is captured in accounts payable. The Company expects no litigation in these matters and therefore believes there is no additional financial exposure, other than amounts already recorded within accounts payable. The Company does not have any other commitments or contingencies as of June 30, 2018.

NOTE 15 – SUBSEQUENT EVENTS

In October 2018 the Company received funds totaling $907,500 in the form of promissory notes from Precision Therapeutics. The promissory notes bear interest of 8% per annum and the amounts remain due on demand.

Management has evaluated subsequent events through October 26, 2018, the dates on which the consolidated financial statements were available to be issued.

HELOMICS HOLDING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017 AND THE PERIOD FROM INCEPTION DECEMBER 7, 2016 THROUGH DECEMBER 31, 2016

The Board of Directors and Stockholders of
Helomics Holding Corporation and Subsidiaries
Pittsburgh, Pennsylvania

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of Helomics Holding Corporation and Subsidiaries (Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the year ended December 31, 2017 and for the period from December 7, 2016 (inception) through December 31, 2016, 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, 2017 and 2016, and the results of its operations and its cash flows for the year ended December 31, 2017, and from the period from December 7, 2016 (inception) through December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt Regarding Going Concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's products are being developed and have not generated significant revenues. As a result, the Company has suffered recurring losses and its liabilities exceed its assets. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion
These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits 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 audits, 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 3 to the consolidated financial statements, the consolidated financial statements have been restated.

We have served as the Company's auditor since 2018.

Pittsburgh, Pennsylvania
August 30, 2018 (October 17, 2018, as to the effects of the restatement discussed in Note 3 and Note 5)

Helomics Holding Corporation Consolidated Balance Sheet

	December 31st	
	2017 (restated)	2016
Current Assets:		
Cash & Cash Equivalents	$ 45,016	$ 394,468
Accounts Receivable	424,299	326,883
Inventories	40,279	95,113
Prepaid Expenses	7,567	155,387
Other Current Assets	-	134,540
Total Current Assets	517,161	1,106,391
Fixed Assets, net	2,398,844	3,879,302
Intangible, net	174,803	188,831
Total Assets	3,090,808	5,174,524
Current Liabilities:		
Accounts Payable	2,251,751	422,252
Accrued Expenses	682,170	334,465
Capital Leases - Short Term	85,840	89,027
Notes Payable - HCRP	-	1,673,513
Notes Payable - Precision Therapeutics	667,512	-
Notes Payable - Convertible	3,461,995	895,776
Derivative Liability	1,153,998	-
Total Current Liabilities	8,303,266	3,415,033
Capital Leases - Long Term	5,258	28,002
Total Liabilities	8,308,524	3,443,035
Equity:		
Preferred Stock, 5mm authorized, 0 outstanding	-	-
Common Stock, $.001 par value, 50mm authorized, 10mm outstanding	10,000	10,000
Additional Paid In Capital	1,210	1,210
Retained Earnings/(Accumulated Deficit)	(5,228,926)	1,720,279
Total Stockholders Equity	(5,217,716)	1,731,489
Total Liabilities and Stockholders Equity	3,090,808	5,174,524

Helomics Holdings Corporation Consolidated Statement of Operations For the year ended December 31, 2017 and the period from Inception December 7, 2016 through December 31, 2016

	2017 (restated)	2016
Revenue	$ 1,578,995	$ 105,805
Cost of Goods Sold	323,742	98,391
Gross Margin	1,255,253	7,414
General & Administrative Expense	3,854,926	490,048
Operations Expense	3,402,550	416,463
Sales & Marketing Expense	8,500	-
Total Expense	7,265,976	906,511
Net Loss on Operations	(6,010,723)	(899,097)
Gain on Bargain Purchase Price	-	2,619,376
Gain on Settlement of Note	215,516	-
Loss on derivative instrument	(1,153,998)	-
Net (loss) Income	(6,949,205)	1,720,279

Helomics Holdings Corporation Changes in Stockholders' Equity

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Paid In Capital	Ret. Earnings/ (Accum Deficit)	Total
Balance @ 12/07/16,	-	-	-	-	-	-	-
Issuance of Common Stock, 10MM shares @$.001			10,000,100	10,000			10,000
Common Stock issued at acquisition 1.2MM shares @ $.001					(1,200)		(1,200)
Warrants Issued w/Convertible Notes	-	-	-	-	2,410	-	2,410
Net Income						1,720,279	1,720,279
Balance @ 12/31/16	-	-	10,000,100	10,000	1,210	1,720,279	1,731,489
Net Loss						(6,949,205)	(6,949,205)
Balance @ 12/31/17 (restated)	-	-	10,000,100	10,000	1,210	(5,228,926)	(5,217,716)

Helomics Holding Corporation Consolidated Statement of Cash Flows December 31, 2017

	12/31/17	12/31/16
CASH FLOWS FROM OPERATING ACTIVITIES	As Restated	
Net Income/(Net Loss)	$ (6,949,205)	$ 1,720,279
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,620,676	138,245
(Gain)/loss on Purchase Price	-	(2,619,376)
Non-cash Interest from Note	-	2,410
Loss on derivative instrument	1,153,998	-
Changes in operating assets and liabilities:		
Receivables	(97,416)	88,452
Prepaid Expenses & Other Assets	282,360	(27,223)
Inventories	54,834	64,212
Accounts payable and accrued liabilities	503,692	53,513
Net Cash Used In Operating Activities	(3,431,061)	(579,488)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Acquired in acquisition	-	147,690
Net Cash Provided by Investing Activities	-	147,690
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Common Stock	-	8,800
Proceeds from Convertible Note	3,170,636	822,085
Payments on Capital Leases	(89,027)	(4,619)
Net Cash Provided by Financing Activities	3,081,609	826,266
Net Increase/(Decrease) In Cash And Cash Equivalents	(349,452)	394,468
CASH AND CASH EQUIVALENTS		
Beginning of period	394,468	-
End of period	$ 45,016	$ 394,468
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the period for interest	$ 14,787	$ 1,235

In 2017, the Company financed the purchase of equipment with a value of $126,120, through a capital lease arrangement of $63,095 and from a note from Precision Therapeutics of $63,095.

NOTE 1 - ORGANIZATION

NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Helomics Holding Corporation (Company or Helomics) was originally incorporated on November 15, 2016 in Delaware as Helomics Corporation. The Company commenced its operations on December 7, 2016, when Helomics Holding Corporation, through its wholly-owned subsidiary Helomics Intermediate Corporation, acquired all of the outstanding shares of the Helomics Corporation. Helomics® is a personalized medicine company providing an actionable roadmap for patients and their oncologist to guide therapy and positively impact patient outcomes. Helomics has a highly valuable asset in the form of actionable big data on patients with cancer that details how their tumors respond to chemotherapy. The Company's business model consists of three complementary pillars, all of which are currently revenue-generating and have growth strategies in place. The Company's initial pillar is the Precision Oncology Insights business, which involves comprehensive tumor profiling, using the power of Artificial Intelligence and the D-CHIP, to provide a personalized oncology roadmap for patients and their oncologists. The Company's second pillar offers boutique CRO (Contract Research Organization) services that leverage the Company's TruTumor™, patient-derived tumor models coupled to a wide range of multi-omics assays (genomics, proteomics and biochemical), and a proprietary bioinformatics platform (D-CHIP) to provide a tailored solution to the Company's client's specific needs. The Company's third pillar, the D-CHIP bioinformatics, is a proprietary Artificial Intelligence-powered bioinformatics engine that provides actionable insights from the rich patient data Helomics collects as part of its diagnostic business. Pharma and diagnostics companies use the D-CHIP to aid disease diagnosis or drive patient selection for clinical trials.

Helomics is specifically attentive toward oncology insights for six specific cancers (ovarian, breast, pancreatic, colon, lung and brain cancer), and the Company intends to be the world leader in the artificial intelligence for those six cancers, providing actionable data that can facilitate the development of precision therapies.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The Company has suffered recurring losses from operations and was purchased by a new ownership group on December 7, 2016. The Company has experienced negative cash flows from operations since inception, and operations have been funded by debt and equity issuances. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not contain any adjustments to reflect the possible future effects of the recoverability or classification of assets or the amounts and classifications of liabilities that may result.

NOTE 1 - ORGANIZATION (Continued)

RECENT ACCOUNTING DEVELOPMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and created a new topic in the FASB Accounting Standards Codification (ASC), Topic 606, and has since amended the standard with ASU 2015-14, *"Revenue from Contracts with Customers: Deferral of the Effective Date"* (ASU 2016-08), *"Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)"* (ASU 2016-10), *"Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing"* (ASU 2016-12), *"Revenue from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients"* (ASU 2017-13). These new standards provide a single comprehensive revenue recognition framework for all entities and supersedes nearly all existing U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and also requires enhanced disclosures. The amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is permitted. The FASB will allow two adoption methods, the full retrospective and modified retrospective approaches. This standard will be effective for the Company for all contracts with customers existing as of January 1, 2019. While the Company continues to assess all potential impacts of the standard, it is currently anticipated that the standard will not have a material impact on its financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). The standard changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. Under the new guidance, entities will be required to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company does not believe that the adoption of this guidance will have a material impact on its financial statements and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842* (ASU 2016-02), which requires lessees to put most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. The standard states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the timing of its adoption and the impact that the updated standard will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, to address diversity in how certain cash receipts and cash payments are presented and classified in the statements of cash flows. The amendments are effective for non-public business entities for fiscal years beginning after December 15, 2018. The amendments should be applied using a retrospective transition method to each period presented. If retrospective application is impractical for some of the issues addressed by the update, the amendments for those issues would be applied prospectively as of the earliest date practicable. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of ASU 2016-15 to have a material impact on its financial statements.

NOTE 1 - ORGANIZATION (Continued)

In July 2017, FASB issued ASU 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. The amendments in this update are intended to simplify the accounting for certain equity-linked financial instruments and embedded features with down round features that result in the strike price being reduced on the basis of the pricing of future equity offerings. Under the new guidance, a down round feature will no longer need to be considered when determining whether certain financial instruments or embedded features should be classified as liabilities or equity instruments. That is, a down round feature will no longer preclude equity classification when assessing whether an instrument or embedded feature is indexed to an entity's own stock. In addition, the amendments clarify existing disclosure requirements for equity-classified instruments. These amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2019, with early adoption permitted. The Company early adopted the applicable amendments in 2017 on a retrospective basis, which permitted the Company to classify the warrants issued along with its Convertible Promissory Notes containing such down round provisions as equity instruments within stockholders' equity.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (Tax Reform Act) was signed into law, making significant changes to the Internal Revenue Code. Changes include a reduction in the corporate tax rates, changes to operating loss carry-forwards and carrybacks, and a repeal of the corporate alternative minimum tax. The legislation reduces the U.S. corporate income tax rates from 34% to 21%. As a result of the enacted law, the Company is required to revalue its deferred tax assets and liabilities at the new enacted rate.

The Company reviewed all other significant newly issued accounting pronouncements and determined they are either not applicable to its business or that no material effect is expected on its financial position and results of its operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied by management in the preparation of the accompanying financial statements follows:

A. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Helomics Holding Corporation, and its subsidiaries, Helomics Intermediate Corporation, and Helomics Corporation. All material accounts and transactions have been eliminated in consolidation

B. ACCOUNTING POLICIES AND ESTIMATES

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. ADVERTISING

Advertising costs are expensed as incurred. Advertising expenses were $8,500 for the year ended December 31, 2017, and $-0- for the period ended December 31, 2016.

D. RESEARCH AND DEVELOPMENT

Research and development costs are charged to operations as incurred. There were no research and development costs incurred for the year and period ended December 31, 2017 and 2016, respectively.

E. REVENUE RECOGNITION

The Company recognizes revenue in accordance with ASC 605 - *Revenue Recognition*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company recognizes revenue when the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured.

F. CASH EQUIVALENTS

The Company considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximate fair value. The Company at times maintains cash balances at financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company believes it has placed its cash with high credit quality financial institutions and does not believe it is exposed to any significant credit risk.

G. FAIR VALUE MEASUREMENTS

Under generally accepted accounting principles as outlined in the FASB's ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

H. RECEIVABLES

Receivables are reported at the amount the Company expects to collect on balances outstanding. The Company provides for probable uncollectible amounts through charges to earnings and credits to the valuation based on management's assessment of the current status of individual accounts, changes to the valuation allowance have not been material to the financial statements.

I. INVENTORIES

Inventories are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. Inventory balances are as follows:

	December 31	
	2017	2016
Lab Operating Supplies	$ 72,022	$ 170,070
Inventory Reserve	(31,743)	(74,957)
Total	$ 40,279	$ 95,113

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful asset life by classification is as follows:

	Years
Computer Equipment & Software	3
Leasehold Improvements	5
Laboratory Equipment	5 - 7
Furniture & Fixtures	3

The Company's investment in fixed assets consists of the following:

	December 31	
	2017	2016
Computer Equipment & Software	$ 459,181	$ 459,181
Leasehold Improvements	56,154	56,154
Laboratory Equipment	3,432,523	3,306,333
Furniture & Fixtures	194,710	194,710
Total	4,142,568	4,016,378
Less: Accumulated Depreciation	(1,743,724)	(137,076)
Total Fixed Assets, net	$ 2,398,844	$ 3,879,302

Upon retirement or sale, the cost and related accumulated depreciation are removed from the balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

Depreciation expense was $1,606,648 for the year ended December 31, 2017 and $137,076 for the period from December 7, 2016 (inception) through December 31, 2016.

K. INTANGIBLE ASSETS

Intangible assets consist of trademarks and patent costs. Amortization expense was $14,028 for the year ended December 31, 2017 and $1,169 for the period from December 7, 2016 (inception) through December 31, 2016. The assets are reviewed for impairment annually, and impairment losses, if any, are charged to operations when identified.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company reviews identifiable intangible assets for impairment in accordance with ASC 350 - *Intangibles - Goodwill and Other*, whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The Company's intangible assets are currently solely the costs of obtaining trademarks from the Company's acquisition of Helomics. Events or changes in circumstances that indicate the carrying amount may not be recoverable include, but are not limited to, a significant change in the medical device marketplace and a significant adverse change in the business climate in which the Company operates. If such events or changes in circumstances are present, the undiscounted cash flows method is used to determine whether the intangible asset is impaired. Cash flows would include the estimated terminal value of the asset and exclude any interest charges. If the carrying value of the asset exceeds the undiscounted cash flows over the estimated remaining life of the asset, the asset is considered impaired, and the impairment is measured by reducing the carrying value of the asset to its fair value using the discounted cash flows method. The discount rate utilized is based on management's best estimate of the related risks and return at the time the impairment assessment is made.

L. INCOME TAXES

The Company accounts for income taxes in accordance with ASC 740- *Income Taxes (ASC 740)*. Under ASC 740, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to impact taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company reviews income tax positions expected to be taken in income tax returns to determine if there are any income tax uncertainties. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on technical merits of the positions. The Company has identified no income tax uncertainties.

Tax years subsequent to 2014 remain open to examination by federal and state tax authorities.

M. PATENTS AND INTELLECTUAL PROPERTY

All Patents and IP in use by the Company are currently owned by Healthcare Royalty Partners (former owners) and are being used by Helomics in accordance with the Merger Agreement between Helomics and HealthCare Royalty Partners. The Company did agree to a term sheet for a nonexclusive license agreement on the patented ChemoFx technology. Terms were for an 8% royalty on net sales of ChemoFx. As of the date of this report, the license agreement has not been finalized, and no accrued royalty has been recognized.

N. RISKS AND UNCERTAINTIES

The Company is subject to risks common to companies in the clinical diagnostic and service industry, including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, and compliance with regulations of the FDA and other governmental agencies.

NOTE 3 – RESTATEMENT

Subsequent to the issuance of the consolidated financial statements for the year ended December 31, 2017 and for the period from inception (December 7, 2016) through December 31, 2016 the discovered errors related to the accounting for convertible notes payable.

As a result of the restatement, the Company increased accumulated deficit and net loss by approximately $1,154,000 as of the year ended December 31, 2017. Their statement did not impact net cash used in operating activities. The following sets forth the previously reported and restated amounts of selected items within the consolidated balance sheet as of December 31, 2017 and the consolidated statement of operations for the year ended December 31, 2017.

	As Previously Reported	As Restated
Derivative liability	$ -	$ 1,153,998
Current liability	7,149,268	8,303,266
Total liability	7,154,526	8,308,524
Accumulated deficit	4,074,928	5,228,926
Total stockholders' deficit	4,063,718	5,217,716
Unrealized loss on derivative liability	-	1,153,998
Net loss	5,795,207	6,949,205

NOTE 4 - ACQUISITION

A. CHANGE IN OWNERSHIP

On December 7, 2016, all of the Company's outstanding shares of stock were purchased by Helomics Holding Corporation. As a result of change in control, the Company converted to a December 31st fiscal year-end and applied the business combination and accounting guidance in accordance with the accounting principles generally accepted in the United States of America. This guidance requires that the acquisition method of accounting is applied to the assets acquired and liabilities assumed are recorded based on their estimated fair values at December 7, 2016 determined by an independent appraisal. The purchase price allocated and funded as follows:

Assets Acquired	
Cash	$ 147,690
Accounts Receivable	415,335
Prepaid Expenses and Other Current Assets	422,241
Property & Equipment	4,016,378
Intangible Assets	190,000
Total assets acquired	$ 5,191,644
Liabilities Assumed	
Accounts Payable - trade	$ 480,419
Accrued Compensation	177,869
Accrued Other	44,917
Capital Lease Obligations	121,648
Note Payable	1,747,204
Total liabilities assumed	2,572,057
Bargain Purchase Price Gain	$ 2,619,587

In exchange for the shares received, Helomics Corporation agreed to pay the seller, HealthCare Royalty Partners LP, the principal sum of $1,747,204, plus the subsequent payroll amount funded post sale, in the form of a promissory note. The promissory note carried a term of ninety (90) days with an interest rate of 5% per annum. Any unpaid balance of principal and interest past ninety (90) days would carried an interest charge of 15% per annum. In 2017, the Company agreed to assume additional payables that originally were retained by Health Care Royalty Partners in the acquisition, in exchange for forgiving the remaining balance of the note. As a result, on October 18, 2017, the Company recognized additional liabilities of $615,108, and recognized a gain of $215,516 for the difference in the additional amount assumed, and the open principal balance of the note.

NOTE 5 - CONVERTIBLE PROMISSORY NOTES

Commencing on December 7, 2016 and through September 19, 2017, the Company, through a series of transactions with various investors, raised $3,461,995 through the sale of convertible promissory notes with various maturity dates that can be extended by the Company. The original maturity dates ranged from December 21, 2017 to September 20, 2018. All maturity dates in 2017 were extend to June 30, 2018. Additionally, the notes do not bear any interest. The Company issued warrants equal to 1% of the offering price to note holders to purchase shares of common stock at an exercise price of $1.00 per share. The notes are subject to an automatic conversion feature, whereby in the event of a qualified financing, the notes will be convertible at 75% of the aggregate purchase consideration paid by investors in the qualified financing.

In connection with the offering, the Company paid the placement agent a placement agent fee of 8% of the gross proceeds received in the offering, 5% net payout of which will be paid to the placement agent's brokers in connection with the offering. Additionally, the Company issued placement agent warrants to purchase 20% of the aggregate number of common stock purchase warrants sold in the offering, with an exercise price of $.01 per share.

At December 31, 2017 and 2016, outstanding convertible promissory notes consisted of:

	December 31	
	2017	2016
Convertible Debt	$ 3,461,995	$ 896,000
Debt Discounts - Warrants	-	224
	$ 3,461,995	$ 895,776

Due to the terms of the convertible notes payable, the Company has determined the notes contained an embedded derivative which was required to be bifurcated and valued at the time of issuance. The Company determined the derivative had no value at the time of issuance of the notes; however, as of December 31, 2017 the Company determined it was probable that a qualified financing event would occur, which resulted in recognition of a derivative liability of approximately $1,154,000 as well as a loss on derivative instrument on the consolidated statement of operations for the year ended December 31, 2017.

At each measurement date, the Company performed a valuation of the convertible promissory notes based on the conversion terms of the convertible promissory notes and the probability of the occurrence of a qualified financing event. Based on the terms of the notes the incremental conversion value ws calculated using the notes' aggregate purchase price and the embedded 75% conversion rate, resulting in an increase in value of the notes from $3,461,995 to a total liability of $4,615,993, including a derivative liability $1,153,998 at December 31, 2017. Based on management's determination of the probability of the occurrence of a qualified financing event, the embedded derivative had no value at December 31, 2016. At December 31, 2017, management determined the probability of a qualified financing event was 100%. As such, the value of the embedded derivative liability was determined to be equal to 100% of the premium at December 31, 2017. The Company has classified the embedded derivative instrument as a Level 3 financial instrument in the Fair Value Hierarchy (See Note 2).

The Company will be required to issue 26,667 common stock warrants for each $10,000 originally invested at the time of the qualified financing event. As a result, the Company will be required to issue an additional 9,231,987 warrants to purchase shares of common stock to these investors.

NOTE 6 - NOTES PAYABLE - PRECISION THERAPEUTICS

Beginning on October 27, 2017 and through December 21, 2017, the Company received funds totaling $600,000 in the form of promissory notes from Precision Therapeutics (formerly Skyline Medical). In addition, Precision Therapeutics also funded a down payment of $67,512 for laboratory equipment that was received by the Company in December 2017. The down payment consisted of fifty percent (50%) of the value of the equipment and additional taxes and fees associated with the transaction. In total, the amount of $667,512 was collateralized by equipment owned by the Company in excess of $700,000, and the secured promissory notes bear interest of 8% per annum. As discussed in Note 14 to the consolidated financial statements, a portion of these notes were converted into preferred stock subsequent to December 31, 2017. Remaining amounts are due on demand.

NOTE 7 - EQUITY

On December 6, 2016, the Company amended its Certificate of Incorporation to increase the authorized shares of its common stock, $.001 par value, to 50,0000,000 shares from 1,000,000 shares and increase the authorized shares of its preferred stock, $.001 par value, to 5,000,000 shares from 100,000 shares.

Common Stock

At December 31, 2017 and 2016, the Company had issued and outstanding 10,000,100 shares of its common stock.

Preferred Stock

The terms of the preferred stock are described below:

Voting

The preferred stockholders are entitled to vote, together with the holders of common stock as one class, on all matters to which holders of common stock shall be entitled to vote, in the same manner and with the same effect as the common stock-holders.

Dividends

The holders of the preferred stock shall be entitled to receive dividends, when, as, and if declared by the board of directors, ratably with any declaration or payment of any dividend on common stock. To date there have been no dividends declared or paid by the board of directors.

Liquidation

The holders of the preferred stock shall be entitled to receive, before and in preference to, any distribution of any assets of the Company to the holders of common stock, an amount equal to $0.001 per share, plus any declared but unpaid dividends.

NOTE 8 - STOCK WARRANTS

Stock warrant transactions for the period December 7, 2016 through December 31, 2017 were as follows:

	Warrants	Exercise Price
Warrants outstanding & exercisable at December 7,2016	-	-
Granted during Period	1,077,600	$.01 - 1.00
Warrants outstanding & exercisable at December 31, 2016	1,077,600	.01 - 1.00
Granted during Period	3,076,794	.01 - 1.00
Warrants outstanding & exercisable at December 31, 2017	4,154,394	$.01 - 1.00

Exercise Price	# of Shares under Warrants
$ 0.01	692,399
$ 1.00	3,461,995
Total Warrants	4,154,394

NOTE 9 - INCOME TAXES

The provision for income taxes consists of an amount for taxes currently payable and a provision for tax consequences deferred to future periods. Deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Tax Reform Act was enacted December 22, 2017. Effective January 1, 2018, the Tax Reform Act reduced corporate income tax rates from 34% to 21%. Other changes effect operating loss carryforwards and carrybacks, as well as a repeal of the corporate alternative minimum tax. As a result of the Tax Reform Act, deferred tax assets and liabilities will be remeasured to account for the lower tax rates.

There was no income tax impact from the remeasurement due to the 100% valuation allowance on the Company’s deferred tax assets. There is no federal or state income tax provision in the accompanying statements of operations due to the cumulative operating losses incurred and 100% valuation allowance for the deferred tax assets.

During June 2013 and December 2016 the Company experienced an "ownership change" as defined in Section 382 of the Internal Revenue Code, which could potentially limit the ability to utilize the Company’s net operating losses (NOLs). The general limitation rules allow the Company to utilize its NOLs subject to an annual limitation that is determined by multiplying the federal long-term tax-exempt rate by the Company’s value immediately before the ownership change.

At December 31, 2017 and 2016, the Company had approximately $241,984,595 and $232,694,288 of gross NOLs to reduce future federal taxable income, subject to the Section 382 limitation described above. The federal NOLs will expire beginning in 2019 if unused. The Company's net deferred tax assets, which include the NOLs, are subject to a full valuation allowance. At December 31, 2017 and 2016, the federal and state valuation allowances were $62.9 million and $93.1 million, respectively.

The valuation allowance has been recorded due to the uncertainty of realization of the benefits associated with the net operating losses. Future events and changes in circumstances could cause this valuation allowance to change.

The Company’s federal and state tax filings, prior to and post ownership change, had not been filed therefore the Company expects to be subject to penalties and late fees for untimely filing. The Company is in the process of completing the unfiled returns, however the Company has estimated the amounts to be immaterial.

NOTE 10 - LEASE OBLIGATIONS

The Company’s corporate offices are located at 91 43rd Street Pittsburgh, PA. On October 17, 2017, the Company signed a second amendment to its lease last amended on February 28, 2016. The lease, as amended, has a three-year term effective February 1, 2018, ending January 31, 2021. As part of the lease amendment the landlord agreed to apply the original $134,500 in security deposit to past due rent and the Company agreed to replace the new security deposit in the amount of $66,475 by December 31, 2018. The Company leases 17,417 square feet at this location, of which 1,000 square feet are used for office space and 16,417 square feet is used for laboratory operations. The Company expects that this space will be adequate for its current office and laboratory needs. Rent expense was $588,445 and $101,926 for the year ended December 31, 2017 and the period ended December 31, 2016, respectively.

The Company’s rent obligation for the next four years is as follows:

Year Ended	Amount
2018	$ 393,450
2019	393,450
2020	393,450
2021	32,788
Total	$ 1,213,138

NOTE 11 - CAPITAL LEASE OBLIGATIONS

In December 2017 the Company financed the purchase of equipment with a value of $126,120, through a capital lease arrangement of $63,095 and from a note from Precision Therapeutics of $63,095. The value of the equipment is included in the laboratory equipment within the fixed assets on the consolidated balance sheet.

Future minimum capital lease payments as of December 31, 2017 were comprised of the following:

2018	$ 93,362
2019	$ 5,488
Less: Amounts representing interest	(7,752)
	$ 91,098

NOTE 12 - RETIREMENT SAVINGS PLANS

The Company has a pre-tax salary reduction/profit-sharing plan under the provisions of Section 401(k) of the Internal Revenue Code, which covers employees meeting certain eligibility requirements. In fiscal 2017 and 2016, the Company matched 100%, of the employees' contribution up to 4.0% of their earnings. The employer contribution was $21,838 and $0 for the year ended December 31, 2017 and the period ended December 31, 2016, respectively. There were no discretionary contributions to the plan in 2017 and 2016.

NOTE 13 - QUALIFIED FINANCING

SENIOR PROMISSORY NOTES

In January 2018, the Company executed a Subscription Agreement to bring additional operating capital into the company in the form of 15% senior promissory notes. The private offering was up to $3,000,000 and 6,000,000 warrants to purchase shares of the Company's common stock. The warrants carry an exercise price of $1.00.

Between the period of January 5, 2018 and March 30, 2018, through a series of transactions with various investors, the Company raised $3,000,000 through the sale of senior promissory notes. As noted in Note 5, as this was a qualified financing event, the convertible promissory notes were converted into the senior promissory notes. As a result of this conversion, $4,615,993 of senior promissory notes were issued to the noteholders. In addition, the Company will be required to issue an additional 9,231,987 warrants to purchase common stock of the Company.

NOTE 14 – SUBSEQUENT EVENTS

A. RESTATEMENT

Management has calculated subsequent events through August 30th, 2018 and October 17th, 2018, the dates on which the consolidated financial statements were available to be issued and restated, respectively.

B. SALE OF PREFERRED STOCK

On January 12, 2018, Helomics Holding Corporation issued 2,500,000 shares of its Series A Preferred Stock to Precision Therapeutics Inc. in exchange for 1,100,000 shares of Precision common stock. The shares of Helomics preferred stock are convertible into 20% of the outstanding capital stock of Helomics. The 1,100,000 shares of Precision common stock are being held in escrow for Helomics pursuant to an escrow agreement under which the shares will be released following a determination that Helomics' revenues in any 12-month period have been equal to or greater than $8,000,000.

In addition, on February 27, 2018, Precision converted $500,000 in principal amount of secured notes into 833,333 shares of Helomics common stock. The Helomics shares held by Precision, in the aggregate, represent 25% of the outstanding capital stock of Helomics on an as-converted basis.

C. ACQUISITION

On March 20, 2018, Precision Therapeutics Inc. and Helomics Holding Corporation executed a letter of intent for Precision Therapeutics Inc. to acquire the remaining 75% of outstanding shares of common stock in Helomics Holding Corporation in exchange for a proportionate share of 7,500,000 shares of newly issued Precision common stock.

On June 28, 2018, the Company entered into a definitive merger agreement with Precision Therapeutics Inc. to acquire the remaining stock. Under the terms of the deal, upon completion of the merger all outstanding shares of Helomics stock not already held by Precision will be converted into the right to receive a proportionate share of 4.0 million shares of newly issued common stock of the Company and 3.5 million shares of Series D Convertible Preferred Stock of the Company ("Merger Shares"), in addition to the 1.1 million Precision shares already issued to Helomics for Precision's initial 20% ownership in Helomics. The merger is conditioned on at least 75% of Helomics' $8.8 million in outstanding promissory notes being exchanged for additional shares of Precision common stock at $1.00 per share. In addition, all or a significant portion of 23.7 million Helomics warrants will be exchanged for warrants to purchase Precision common stock, at a ratio of 0.6 Precision warrants for each Helomics warrant.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The Company has several legal claims brought against it in 2017 from vendors seeking payment on past due invoices. There were three claims totaling $159,994, all of which the liability is captured in accounts payable. The Company has subsequently negotiated settlements with two of the vendors for a total of $70,000 and is currently negotiating with the third vendor to settle. The Company expects no litigation in these matters and therefore believes there is no additional financial exposure, other than amounts already recorded within accounts payable.

Helomics Corporation
Balance Sheet
In thousands, except share amounts
Unaudited

	12/06/16	06/30/16
Assets		
Current assets		
Cash	$ 54	$ 239
Accounts receivable, net	1,416	2,616
Prepaid expenses and other current assets	548	680
Total current assets	2,018	3,535
Property and equipment, net	5,229	5,829
Intangible assets, net	11,534	12,489
Goodwill	13,851	14,728
Other assets	274	274
Total Assets	$ 32,906	$ 36,855
Liabilities and Stockholder's Deficit		
Current liabilities		
Accounts payable	$ 2,204	$ 2,023
Accrued compensation	904	476
Accrued interest	19,811	16,447
Current portion of lease liabilities	88	155
Accrued other	66	195
Total current liabilities	23,073	19,296
Long term liabilities		
Debt	61,237	58,987
Other long term liabilities	573	641
Long term portion of lease liabilities	33	71
Total long term liabilities	61,841	59,699
Total liabilities	84,914	78,995
Stockholders' equity		
Preferred Series A, par value $.001, 33,573,900 shares authorized, 30,603,900 shares issued and outstanding at 12/6/16 and 6/30/16, respectively	31	31
Common stock, 40,000,000 shares authorized, par value $.001, 2,500,330 shares issued at 12/6/16 and 2,459,499 shares issued at 6/30/16	3	2
Common stock warrants	0	0
Additional paid-in capital	31,984	32,018
Accumulated deficit	(84,026)	(74,191)
Total stockholders' deficit	(52,008)	(42,140)
Total Liabilities and Stockholders' Deficit	$ 32,906	$ 36,855

Helomics Corporation
Statement of Operations
In thousands
Unaudited

	07/01/16 - 12/06/16	For the Twelve Months Ended 06/30/16
Revenue	$ 579	$ 8,955
Cost of Goods Sold	692	9,450
Gross Margin	(113)	(495)
General & Administrative Expense	2,891	6,892
Operations Expense	6,867	14,853
Sales & Marketing Expense	109	7,130
Total Operating Expense	9,868	28,875
Net Loss on Operations	(9,981)	(29,370)
Other Income	145	-
Net Loss	$ (9,836)	$ (29,370)

Helomics Corporation
Statement of Stockholders' Equity
(In thousands, except share amounts)
(unaudited)

	Preferred Stock Shares	Series A Preferred Stock	Common Stock Shares	Common Stock	Additional Paid in Capital	Accumulated Deficit	Total
Balance - June 30, 2015	30,603,900	$ 31	2,499,000	$ 2	$ 31,855	$ (44,821)	$ (12,933)
Issuance of common stock		-	760	-	-	-	- 0
Stock based compensation expense		-	-	-	163	-	163
Net loss						(29,370)	- (29,370)
Balance - June 30, 2016	30,603,900	$ 31	2,499,760	$ 2	$ 32,018	$ (74,191)	$ (42,140)
Issuance of common stock		-	570	1	-	-	- 1
Stock based compensation expense		-	-	-	(34)	-	(34)
Net loss						(9,836)	(9,836)
Balance - December 6, 2016	30,603,900	$ 31	2,500,330	$ 3	$ 31,984	$ (84,027)	$ (52,009)

(see notes to financial statements)

Helomics Corporation
Statement of Cash Flows
In thousands

	12/06/16	06/30/16
Net Loss	(9,836)	(29,370)
Operating Activities:		
Depreciation expense	553	1,346
Amortization expense	1,882	4,592
Employee stock option amortization	(34)	175
Deferred rent expense	(68)	(195)
Capital lease interest expense	(4)	(91)
(Increase) decrease in assets:		
Accounts receivable	1,200	2,569
Prepaid expenses	132	(10)
Other assets	-	22
Increase (decrease) in liabilities:		
Accounts payable	181	342
Accrued expenses	299	(1,851)
Accrued interest	3,364	6,729
Net decrease due to operations	(2,331)	(15,742)
Investing Activities:		
Fixed asset additions	-	(359)
Proceeds from sale of fixed assets	47	-
Intangible asset additions	(50)	(14)
Net decrease due to investing activities	(3)	(373)
Financing Activities:		
Capital lease repayments	(101)	(151)
Debt proceeds	2,250	13,500
Net increase (decrease) due to financing activities	2,149	13,349
Net change in cash	(184)	(2,766)
Beginning Cash	239	3,005
Ending Cash	$ 54	$ 239

(see notes to financial statements)

HELOMICS CORPORATION
NOTES TO THE FINANCIAL STATEMENT
IN THOUSANDS EXCEPT SHARE AMOUNTS
UNAUDITED

Note 1 - Organization

Helomics Corporation (the Company) is a leading life-science company originally formed on April 13, 1995 as Precision Therapeutics Inc. On November 25, 2014 The Company changed its name from Precision Therapeutics Inc. to Helomics Corporation. The Company is dedicated to utilizing precision medicine for personalizing cancer care and offers a portfolio of products, each developed to help guide physicians and patients with difficult clinical decisions throughout the cancer care continuum. The Company's first commercial test, ChemoFx ®, is a proprietary drug response marker which measures an individual's malignant tumor response to a range of standard therapeutic alternatives under consideration by a physician. Newly published prospective data demonstrates a 14 -month improvement in overall survival (OSI and improved progression free survival (PFS) when ovarian cancer patients are treated with responsive therapies as indicated by ChemoFx ®. The Company's second commercial test, BioSpeciFx ®, is a select portfolio of clinically relevant molecular tests that provide information about drug response and patient prognosis. With these products together, the Company's state of the art Comprehensive Tumor Profiling is an integrated, straightforward approach to precision medicine, combining three core platforms of personalized medicine to capture the total sum of genomic, proteomic and functional information for each patient's cancer.

Note 2 - Summary of Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. The most significant estimates in the Company's financial statements relate to revenue recognition, contractual allowances, income tax valuation allowances, and stock based compensation. Actual results could differ from those estimates.

B. Cash and Cash Equivalents

Cash includes cash with original maturities of three months or less. The Company at times maintains cash balances at financial institutions in excess of the amounts insured by the Federal Deposit Insurance Corporation. The Company believes it has placed its cash with high credit quality financial institutions and does not believe it is exposed to any significant credit risk

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Revenue Recognition and Accounts Receivable

Product revenues for tests performed are recognized when all of the following criteria of revenue recognition are met: (1) persuasive evidence that an arrangement exists; (2) delivery has occurred or services are rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured. Criterion (2) is satisfied when the Company performs the test and generates and delivers a report to the physician. Determination of criteria (3) and (4) is based on specific facts and circumstances related to the type of test and agreements with third party or other commercial payers and management's judgments regarding the nature of the fee charged for services delivered and the collectability of those fees.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The allowance for uncollectible accounts was approximately $86,312 at December 06, 2016 and $83,122 for year ending June 30, 2016.

D. Concentration of Credit Risk

Substantially all of the Company's accounts receivable are with entities in the health care industry. However, concentrations of credit risk are limited due to the number of the Company's clients. The Company has significant accounts receivable balances whose collectability is dependent on the availability of funds from certain governmental programs, primarily Medicare and compliance with the regulations of that agency. Upon audit by a Medicare intermediary, a condition of noncompliance could result in the Company having to refund amounts previously collected. The Company does not believe there is a significant credit risk associated with these governmental programs. The Company does not require collateral or other security to support accounts receivable. Net accounts receivable balances are approximately $1,416 and $2,616 for the period ending at December 6, 2016 and fiscal year ending June 30, 2016, respectively.

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Depreciation, which includes depreciation of assets under capital leases, is calculated using the straight-line method with estimated useful lives of three to ten years. Leasehold improvements are depreciated over the lesser of the estimated useful life or the lease term. Maintenance and repairs which are not considered to extend the useful lives of assets are charged to operations as incurred. The cost of assets sold or retired, and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in other expense for the year.

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated separately identified undiscounted cash flows from the asset are less than the carrying value of the asset. In the event a loss is recognized, the loss is based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. There were no impairments of long-lived assets as of December 6, 2016 and as of June 30, 2016.

F. Intangible Assets

Intangible assets are comprised of patent costs, purchased licenses and technologies and goodwill. Intangible assets are recorded at cost, less accumulated amortization. All costs associated with the continuation of the licenses included in intangible assets are capitalized as incurred. Amortization is calculated using the straight-line method based on an estimated useful life of eight to ten years. The assets are reviewed for impairment annually, and impairment losses, if any, are charged to operations when identified.

Note 2 - Summary of Significant Accounting Policies (Continued)

F. Intangible Assets (Continued)

In January 2014, the Financial Accounting Standards Board (FASB) issued updated guidance, which permits an alternative accounting method for the subsequent measurement of goodwill. The Company elected to adopt the alternative accounting method provided for in this guidance and amortizes goodwill on a straight-line basis over 10 years. In conjunction with this method, the Company has made an accounting policy election to test goodwill when a triggering event occurs that indicates the fair value of the Company is below its carrying amount. When a triggering event occurs, the Company has an option to first assess qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the Company's fair value with its carrying amount, including goodwill. If the qualitative assessment indicates that it is not more than likely goodwill is impaired, further testing is unnecessary. The goodwill impairment loss cannot exceed the Company's carrying amount of goodwill.

G. Research and Development

Research and development costs are expensed in the statement of operations as incurred.

H. Stock-based Compensation

The Company expenses the fair value of employee stock purchase plans, stock option grants and similar awards. The Company recognized the fair value of stock-based compensation awards in the statement of operations on a straight-line basis over the service period, which approximates the vesting period. The company recognized a credit of ($34) and for the period ending December 6, 2016 and an expense of $175 for year ending June 30, 2016. The credit for period ending December 6, 2016 was due to a reduction in work force during the fiscal period.

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Stock-based Compensation (Continued)

The Company determines the fair value of stock-based payment awards utilizing the Black-Scholes model which is affected by the common stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate, and expected dividends. The Company does not have historical market prices of its common stock as it is not a public company. In connection with independent appraisal of the value of the Company's common stock performed in 2014, the volatility of comparable publicly traded companies was determined. The Company utilizes the historical volatilities of those publicly traded companies. The expected life of the awards is estimated based on the "simplified" method as in SEC Staff Accounting Bulletin 14, which is the midpoint between the vesting date and the end of the contractual term. The risk-free interest rate assumption is based on observed interest rates for Treasury notes with lives approximating the expected life of the stock options. The dividend yield assumption is based on the Company's history and expectation of paying no dividends. Forfeitures were estimated at 25% based on the Company's historical rate of forfeitures. The forfeiture rates are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Stock-based compensation expense recognized in the financial statements is based on awards that are ultimately expected to vest. If there are any modifications, cancellations, or forfeitures of the underlying unvested securities, the Company may be required to accelerate, increase, or cancel any remaining unearned stock-based compensation expense.

To estimate the fair value of share-based payment awards, the Company will generally consider both the income and the market approaches to determine the fair value of common stock utilized in the Black-Scholes model.

I. Income Taxes

The Company provides for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for financial reporting and for income tax reporting. The deferred tax assets or liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Note 2 - Summary of Significant Accounting Policies (Continued)

I. Income Taxes (Continued)

The Company utilizes a two-step approach for recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely of being realized upon settlement with a taxing authority.

The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. There were no interest and penalties recognized in the statement of operations for the period ending December 6, 2016 and the year ending June 30, 2016.

J. Taxes on Revenue Producing Transactions

Taxes assessed by governmental authorities on revenue producing transactions, including sales, value added, excise and use taxes, are recorded as operating costs in the statement of operations.

K. Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Fair Value of Financial Instruments (Continued)

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

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

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market **data** for substantially the full term of the assets or liabilities.

level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

L. Recently Issued Accounting Standards

In July 2013, the FASB issued Accounting Standards Update 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax loss, or a Tax Credit Carryforward Exists. The current accounting guidance for income taxes does not include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The objective of this updated guidance is to generally clarify that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward and similar carryforwards. The Company adopted this guidance as of July 1, 2015. In the current period the Company has complied to all disclosures related to net operating loss carryforwards.

In May 2014, the FASB issued Accounting Standards update 2014-09, Revenue from Contracts with Customers. The guidance was implemented to: remove inconsistencies and weaknesses in revenue recognition requirements, provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, provide more useful information to users of financial statements through improved disclosure requirements, and simplify the preparation of financial statements.

L. Recently Issued Accounting Standards (Continued)

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: 1) Identify the contracts with the customer; 2) Identify the performance obligations in the contract; 3) Determine the contract price; 4) Allocate the transaction price to the performance obligations in the contract; and 5) Recognize revenue when (or as) the entity satisfies a performance obligation. The amendments in this update are effective for nonpublic entities for annual reporting periods beginning after December 15, 2017. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of the guidance on the Company's financial position and results of operations.

In August 2014, the FASB issued Accounting Standards Update 2014-15, *Presentation of Financial Statements - Going Concern*. The guidance requires that an entity' s management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, and substantial doubt is not alleviated after consideration of management's plans, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued). Additionally, the guidance imposes certain disclosure requirements upon the entity to enable users of the financial statements to understand the principal condition or events, management's evaluation and management's plans that are intended to mitigate the conditions or events. The amendments in this guidance are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company will adhere to this guidance on the current year disclosures and on a go forward basis, when applicable.

Note 3 - Revenue and Accounts Receivable

Revenue and accounts receivable are recognized based upon historical collection experience across payor categories, with the exception of ChemoFx revenues from Medicare in non-gynecologic malignancies, which are recognized when cash is collected, net of set-up fees that are recognized when the test is performed. The differences between the amounts billed and the amounts expected to be collected are recorded as contractual allowances to arrive at the net revenues as reported in the financial statements. Collectabitity of the receivables is reviewed on a quarterly basis by the Company, at which time write-offs and contractual allowance adjustments are made as necessary.

	12/6/16				6/30/16			
	BioSpeciFX	ChemoFX	Other	Total	BioSpeciFX	ChemoFX	Other	Total
Net Revenue	242	334	3	579	3751	5181	23	8,955
Net Accounts Receivable	595	821	-	1,416	1,099	1,517	-	2,616

Note 4 - Property, Equipment and Capital Leases

Property and equipment as of December 6, 2016 and June 30, 2016 was comprised of the following:

	12/6/16	6/30/16
Furniture and fixtures	241	241
Equipment	2,722	2,769
Software	476	476
Leasehold improvements	3,365	3,365
Capital leases	2,011	2,011
Computer equipment	320	320
	9,135	9,182
Less: Accumulated depreciation	(3,906)	(3,906)
Net property and equipment	$ 5,229	5,229

Depreciation expense totaled $553 and 1,346 for the period ended December 6, 2016 and year ended June 30, 2016, respectively.

The Company has executed multiple capital leases for equipment acquisitions. The long-term lease obligation represents the present value of the minimum lease payments discounted at rates ranging from 5% to 22%. Accumulated depreciation of equipment under capital leases is $1,037 and $845 for the period ending December 6, 2016 and year ended June 30, 2016, respectively. Depreciation expense on this equipment totaled $192 and $397 for period ending December 6, 2016 and year ended June 30, 2016, respectively. Interest expense totaled $4 and $91 for the period ended December 6, 2016 and year ended June 30, 2016, respectively.

Note 4 - Property, Equipment and Capital leases (Continued)

Future minimum capital lease payments as of December 6, 2016 were comprised of the following:

2016	6
2017	72
2018	35
Less: Amount representing interest	(19)
Present value of minimum lease payments	94
Less: Current portion	(61)
Long-term portion	33

Note 5 - Intangible Assets

Intangible assets as of December 6, 2016 and June 30, 2016 were comprised of the following:

	12/6/16	6/30/16
License - GeneFx Colon	1,560	1,560
License - GeneFx Lung	5,126	5,076
ChemoFx Technology	13,315	13,283
Goodwill	21,039	21,039
	41,040	40,958
Less: Accumulated amortization	(15,655)	(13,741
Net intangible assets	25,385	27,217

Amortization expense totaled $1,882 and $4,592 for the period ended December 6, 2016 and the year ended June 30, 2016, respectively.

Note 6 - Debt

On July 1, 2013, the Company maintained outstanding debt with a total fair value of $42,050, which was comprised of a $35,050 Tranche A Note, a $4,200 Tranche B Note and $2,800 in Bridge Notes. On July 24, 2013, in conjunction with an equity investment, the Tranche B Note and Bridge Notes were converted at their fair values
to 9,000,000 shares of Series A preferred stock (see Note 7).

Note 6 - Debt (Continued)

Subsequent to the conversion on July 24, 2013, only the Tranche A Note remained outstanding. The Tranche A Note originated in March 2012 as a structured debt, synthetic royalty facility with $3 5,000 funded at closing. The Tranche A Note was for a seven-year term loan with no principal repayment until the last 14 quarters. Estimated interest is approximately 15% annually consisting of fixed interest of 12% per year payable quarterly plus variable interest based on a tiered royalty on net revenues from fiscal year 2012 to 2019.

The Company defaulted on the Tranche A Note on June 30, 2013. Per the Company's request and approved by the lender, the Tranche A Note was amended on November 11, 2014 to capitalize accrued interest as of September 30, 2014 with interest accruing on such increased principal amount moving forward. In addition, the lender has agreed to waive the events of default and the Company has the ability to request future interest amounts be payable in kind when due and payable pending the lender's approval.

On March 18, 2015, the Company raised $7,000, through the issuance of convertible promissory notes to certain investors. The notes bore interest at a fixed rate of 12% per year which is payable in arrears on each of March 18, 2016 and on the maturity date, March 18, 2017. On June 30, 2015, an additional $2,000 was raised, through the issuance of convertible promissory notes to certain investors. The notes bore interest at a fixed rate of 12% per year which is payable in arrears on each of June 30, 2016 and on the maturity date, June 30, 2017.

Note 7 - Equity

The Company had 2,500,000 shares of fully diluted stock, at a par value of $.001, issued and outstanding as of July 1, 2013. On July 24, 2013, the Tranche B Note and Bridge Notes, with fair values totaling $7,000, were converted into 9,000,000 shares of Series A preferred stock (Series A) with a par value of $.001 per share. In conjunction with the July 24, 2013 debt conversion, an additional 5,000 ,000 shares of Series A were also issued at a per share price of $1. Additional Series A issuances of 4,573,900 and 6,000,000 shares subsequently occurred on October 26, 2013 and May 1, 2014, respectively, at a per share price of $1.

At December 6, 2016 and June 30, 2016, there were 33,573,900 Series A preferred shares authorized, of which 30,603,900 were issued and outstanding. Series A is entitled to receive cumulative dividends at an annual rate of 8% from the date of issuance whether or not declared. Series A dividends have preference and priority to any declaration or payment of any dividend on the common stock. Each share of Series A may be converted, at the option of the holder, into shares of common stock as determined by dividing $1.00 by the Series A conversion price in effect at the time of conversion. At December 6, 2016, the conversion price for Series A was $1.00 per share.

In the event of liquidation, Series A holders shall be entitled to receive, prior and in preference to any distributions of the Company's assets to the holders of common stock, the greater of (i) an amount per share equal to 1 50% of the initial Series A issue price, subject to adjustment for stock splits, stock dividends, recapitalizations, and similar events, or (ii) such amount per share as would have been payable had all shares of the Series A been converted into common stock.

Note 7 - Equity (Continued)

At December 6, 2016 and June 30, 2016, the company had 40,000,000 shares of common stock authorized. Shares of common stock totaled 2,500,330 and 2,499,760 issued and outstanding at December 6, 2016 and June 30, 2016, respectively.

Series A holders are entitled to the number of votes equal to the number of whole shares of common stock into which the shares of Series A are convertible as of the date of record. Common stock holders are entitled to one vote per share.

Note 8 - Stock Option Plan

The Board of Directors has approved a stock option plan, which reserves shares of common stock for potential future issuance of stock options. As of December 6, 2016 and June 30, 2016, there were 3,882,286 shares reserved for future issuance under the Company's 2011 Equity Incentive Plan. Option grants are subject to individual stock option agreements, which set forth the general terms and conditions of the award, as well as the vesting schedule and exercise price. Option grants vary in vesting structure over a three to four-year period and expire ten years from the original grant date. The Company recognizes stock-based compensation expense over the vesting period of the individual options.

The fair value of the common stock options is estimated at the dates of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest Dividend yield	2.77%
Volatility factor	0.00%
Expected life of awards	53.22%
	9.59

Note 8 - Stock Option Plan (Continued)

A summary of stock option activity for the period ended December 6, 2016 is presented below. This table includes the options granted to non-executive members of the Board of Directors, current employees, and consultants.

	Number of Options	Weighted average Exercise Price
Outstanding at June 30, 2014	3,298,767	$ -
Forfeited	(2,019,984)	$ 0.56
Outstanding at December 6, 2016	1,278,783	$ 0.56

Note 9 - Stock Warrants

For the period ending December 6, 2016 and year ended June 30, 2016, the outstanding warrants to purchase common stock are as follows:

Date Issued	Warrants	Exercise Price	Expiration Date
December 29, 2006	642	$ 311	December 29, 2016
July 16, 2008	13,538	$ 41	July 15, 2018
March 3, 2009	16,940	$ 41	March 2, 2019
March 31, 2010	2	$ 15,054	March 31, 2020
April 12, 2010	4	$ 583	April 12, 2017
April 12, 2010	2	$ 745	April 12, 2017
April 12, 2010	1	$ 90	April 12, 2017
May 23, 2011	6,654	$ 30	May 22, 2018

Note 10 - Income Taxes

There is no Federal income tax currently payable as of December 6, 2016 as a result of net operating losses. At December 6, 2016 and June 30, 2016, the Company has approximately $231 million and $221 million of gross NOL's to reduce future federal taxable income, subject to limitation by Section 382 of the Internal Revenue Code (IRC) as the company wen t through an ownership change in June 2013. The Federal and state tax net operating loss carryforwards will expire beginning in 2019 if unused. The Company's net deferred tax assets, which include the NOL's, are subject to a full valuation allowance. At December 6, 2016 and June 30, 2016, the federal and state valuation allowances were approximately $80 million and $77 million, respectively.

Note 11 – Lease Obligations

The Company's corporate offices and laboratory are located at 91 43rd Street Pittsburgh, PA. On February 2, 2016 the Company signed an amendment to its lease dated September 22, 2009 whereas the Company added an additional 5,735 sq. ft of space on the second floor and extending the original ten-year lease until January 31, 2021. Rent expense for the period ending December 6, 2016 was $489. The Company's rent obligation for the next five years is as follows:

2017	$693
2018	$693
2019	$693
2020	$693
2021	$58

Note 12 - Defined Contribution Plan

The Company sponsors a 401 (k) retirement plan for all employees. Employees may contribute up to 20% of their salaries, subject to limitations under the IRC. The Company provides a 25% match on employee contributions up to 6% of the contributing employee's salary. Matching contributions totaled approximately $1 and $129 for the period ended December 6, 2016 and year ended June 30, 2016, respectively.

Note 13 - Going Concern

The Company has suffered tosses from operations and a significant accumulated deficit as of December 6, 2016. Additionally, the Company has not generated cash from operations. The financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. In the event that the Company is unable to secure the additional financing mentioned above, the Company may not be able to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments that may result from the outcome of this uncertainty. Failure to obtain this financing could have an adverse impact on the Company's liquidity, financial position and future operations.

Note 14 - Subsequent Events

A. Ownership Change

On December 7, 2016 all of the Company's outstanding stock was purchased by new ownership group an incorporated as Helomics Holding Corporation. As a result in the change in control, the Company converted to a December 31st fiscal year end and applied the business combination and accounting guidance in accordance with the accounting principles generally accepted in the United States of America. This guidance requires that the acquisition method of accounting is applied to the assets acquired and liabilities assumed are recorded on their estimated fair values at December 7, 2016 determined by an independent appraisal. The purchase price allocated and funded as follows:

Assets Acquired		
Cash	$	148
Accounts Receivable		416
Prepaid Expenses and Other Current Assets		422
Property & Equipment		4,016
Intangible Assets		190
Total assets acquired	$	5,192
Liabilities Assumed		
Accounts Payable - trade	$	480
Accrued Compensation		178
Accrued Other		45
Capital Lease Obligations		122
Note Payable		1,747
Total liabilities assumed		2,572
Bargain Purchase Price Gain	$	2,620

In exchange for the shares received, Helomics Corporation agreed to pay the seller, HealthCare Royalty Partners LP, the principal sum of $1,747, plus the subsequent payroll amount funded post sale, in the form of a promissory note. The promissory note carried a term of ninety (90) days with an interest rate of 5% per annum. Any unpaid balance of principal and interest past ninety (90) days would carried an interest charge of 15% per annum. In 2017, the Company agreed to assume additional payables that originally were retained by Health Care Royalty Partners in the acquisition, in exchange for forgiving the remaining balance of the note. As a result, on October 18, 2017, the Company recognized additional liabilities of $615,108, and recognized a gain of $216 for the difference in the additional amount assumed, and the open principal balance of the note.

B. Convertible Promissory Notes

Commencing on December 7, 2016 and through September 19, 2017, the Company, through a series of transactions with various investors, raised $3,462 through the sale of convertible promissory notes with various maturity dates that can be extended by the Company. The maturity dates ranged from December 21, 2017 to September 20, 2018 and the notes do not bear any interest. The Company issued warrants equal to 1% of the offering price to note holders to purchase shares of common stock at an exercise price of $1.00 per share. The notes are subject to an automatic conversion feature, whereby in the event of a qualified financing, the notes will be convertible at 75% of the aggregate purchase consideration paid by the investors in the qualified financing. In connection with the offering, the Company paid the placement agent a fee of 8% of the gross proceeds received in the offering, 5% net payout of which will be paid to the placement agent’s brokers in connection with the offering. Additionally, the Company issued placement agents warrants to purchase 20% of the aggregate number of common stock purchase warrants sold in the offering, with an exercise price of $.01 per share.