

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the fiscal year ended December 31, 2025**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 000-26408**

**CLIMB GLOBAL SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**13-3136104**

(IRS Employer Identification Number)

**4 Industrial Way West, Suite 300, Eatontown, NJ**

(Address of principal executive offices)

**07724**

(Zip Code)

Registrant's telephone number, including area code: **(732) 389-0932**

Securities registered pursuant to section 12(b) of the Act:

<b>Title of Each Class</b>	<b>Trading Symbol</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, par value \$0.01 per share	CLMB	The NASDAQ Global Market

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

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

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
Emerging growth company

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the Common Stock held by non-affiliates of the Registrant computed by reference to the closing sale price for the Registrant's Common Stock as of June 30, 2025, which was the last business day of the Registrant's most recently completed second fiscal quarter, as reported on The NASDAQ Global Market, was approximately \$474.4 million. For purposes of this calculation, directors, officers and holders of more than 10% of the outstanding shares of Common Stock of the Registrant are deemed to be affiliates of the Registrant and the shares of Common Stock beneficially owned by them have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares outstanding of the Registrant's Common Stock as of February 17, 2026 was 4,605,692 shares.

Documents Incorporated by Reference: Portions of the Registrant's definitive Proxy Statement for its 2026 Annual Meeting of Stockholders are incorporated by reference in Part III herein. The Registrant intends to file such Proxy Statement with the Securities and Exchange Commission no later than 120 days after the end of the period covered by this report on Form 10-K.

**TABLE OF CONTENTS**

<a href="#">PART I</a>	
<a href="#">Item 1. Business</a>	<a href="#">1</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">7</a>
<a href="#">Item 1B. Unresolved Staff Comments</a>	<a href="#">16</a>
<a href="#">Item 1C. Cybersecurity</a>	<a href="#">16</a>
<a href="#">Item 2. Properties</a>	<a href="#">17</a>
<a href="#">Item 3. Legal Proceedings</a>	<a href="#">17</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">17</a>
<a href="#">PART II</a>	
<a href="#">Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">17</a>
<a href="#">Item 6. [Reserved]</a>	<a href="#">18</a>
<a href="#">Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">18</a>
<a href="#">Item 7A. Quantitative and Qualitative Disclosures about Market Risk</a>	<a href="#">29</a>
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	<a href="#">29</a>
<a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">29</a>
<a href="#">Item 9A. Controls and Procedures</a>	<a href="#">29</a>
<a href="#">Item 9B. Other Information</a>	<a href="#">29</a>
<a href="#">Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	<a href="#">29</a>
<a href="#">PART III</a>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	<a href="#">29</a>
<a href="#">Item 11. Executive Compensation</a>	<a href="#">30</a>
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">30</a>
<a href="#">Item 13. Certain Relationships and Related Party Transactions, and Director Independence</a>	<a href="#">30</a>
<a href="#">Item 14. Principal Accounting Fees and Services</a>	<a href="#">30</a>
<a href="#">PART IV</a>	
<a href="#">Item 15. Exhibits, Financial Statement Schedules</a>	<a href="#">30</a>
<a href="#">Item 16. Form 10-K Summary</a>	<a href="#">33</a>
<a href="#">SIGNATURES</a>	<a href="#">34</a>

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## PART I

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K (“Annual Report”) includes statements of our expectations, intentions, plans and beliefs that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and are intended to come within the safe harbor protection provided by those sections. The statements, other than statements of historical fact, included in this Annual Report are forward-looking statements. Many of the forward-looking statements contained in this Annual Report may be identified by the use of forward-looking words such as “believes,” “expects,” “intends,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “under construction,” “in development,” “opportunity,” “target,” “outlook,” “maintain,” “continue,” “goal,” “aim,” “commit,” or similar expressions or when we discuss our future operating results, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Because these forward-looking statements are subject to risks and uncertainties, actual results could differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, but are not limited to, the continued acceptance of the Company’s distribution channel by vendors and customers, the timely availability and acceptance of new products, product mix, market conditions, inflation, competitive pricing pressures, the successful integration of acquisitions, contribution of key vendor relationships and support programs, including vendor rebates and discounts, our ability to successfully integrate AI capabilities within our products and internal functions, import and tariffs, interest rate risk and the impact thereof, as well as factors that affect the software industry in general and other factors generally. We strongly urge current and prospective investors to carefully consider the cautionary statements and risk factors contained in this report, particularly the risks described under “Item 1A. Risk Factors” herein.*

*The Company operates in a rapidly changing business, and new risk factors emerge from time to time. Management cannot predict every risk factor, nor can it assess the impact, if any, of all such risk factors on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements.*

*Accordingly, forward-looking statements should not be relied upon as a prediction of actual results and readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*The statements concerning future sales, future gross profit margin and future selling and administrative expenses are forward looking statements involving certain risks and uncertainties such as availability of products, product mix, pricing pressures, market conditions and other factors, which could result in a fluctuation of sales below recent experience.*

Unless otherwise specified, the “Company,” “we,” “us” or “our” refers to Climb Global Solutions, Inc., a Delaware corporation, and its consolidated subsidiaries.

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## Item 1. Business

### General

The Company is a value added information technology (“IT”) distribution and solutions company. The Company primarily operates through its “Distribution” segment, which distributes emerging and disruptive technologies to corporate resellers, value added resellers (“VARs”), consultants and systems integrators worldwide under the name “Climb Channel Solutions”. The Company also operates a smaller segment called “Solutions”, which is a cloud solutions provider and value-added reseller of software, hardware and services for customers worldwide under the name “Grey Matter”. Across both segments, we offer an extensive line of products from leading software vendors and tools for virtualization/cloud computing, security, networking, storage and infrastructure management, application lifecycle management and other technically sophisticated domains, as well as computer hardware.

The Company was incorporated in Delaware in 1982. Our common stock, par value \$0.01 per share (“Common Stock”), is listed on The NASDAQ Global Market under the symbol “CLMB”.

### *Distribution Segment*

In our Distribution segment, which accounted for approximately 96% of our consolidated net sales and 87% of our consolidated gross profit during the year ended December 31, 2025, we distribute technology products from software developers, software vendors or original equipment manufacturers (“OEMs”) to resellers, and system integrators worldwide. We purchase software, maintenance/service agreements, networking/storage/security equipment and complementary products from our vendors and sell them to our reseller customers. The large majority of hardware products we sell are “drop shipped” directly to the customers, which reduces physical handling by the Company and required investment in inventory. Generally, a vendor authorizes a limited number of companies to act as distributors of their product and sell their product to resellers. Our reseller customers include VARs, corporate resellers, government resellers, system integrators, direct marketers, and national IT superstores. We combine our core strengths in customer service, marketing, distribution, credit and billing to allow our customers to achieve greater efficiencies in time to market in the IT channel in a cost-effective manner.

While our Distribution business is characterized by low gross profit as a percentage of gross billings, or gross billings margin, and price competition, we have been able to operate profitably by leveraging an efficient and scalable business model with low capital investment requirements. The large majority of the products we sell are either digital products such as license authorizations, third party maintenance contracts, or hardware that is drop-shipped to the end customer directly by the vendor. We utilize electronic data interchange (“EDI”) and other automation tools to fulfill these orders on a cost-efficient basis. We also maintain relatively low inventory balances relative to our gross billings and enjoy what we believe is favorable credit from our vendor partners, allowing us to deploy a capital efficient model as reflected by our return on equity and pre-tax income as a percentage of gross profit generated.

In our Distribution segment, we are highly dependent on the end-market demand for the products we sell, and on our partners’ strategic initiatives and business models. This end-market demand is influenced by many factors including the introduction of new products, replacement and renewal cycles for existing products, competitive products, overall economic growth and general business activity. A difficult and challenging economic environment may also lead to consolidation or decline in the industry and increased price-based competition. We continually review the marketplace to identify new, emerging and disruptive vendors and products to potentially add to our vendor partners.

The Company operates distribution facilities in Millersville, Maryland and Dublin, Ireland.

### *Solutions Segment*

We also provide comprehensive IT solutions directly to end users through our Solutions segment, which accounted for approximately 4% of our consolidated net sales and 13% of our consolidated gross profit during the year ended December 31, 2025. Products in this segment are acquired directly from OEMs, software developers or distributors and sold to end users. We provide customer service, billing, sales and marketing support in this segment and provide extended payment terms to facilitate sales.

## **Acquisitions**

We view acquisitions as an important part of our strategic growth plan. In 2020, we completed two acquisitions to add scale, broaden our geographic footprint, expand partner relationships and add cloud support capabilities. In 2022, we completed an acquisition that expanded our sales presence in the United Kingdom software distribution markets.

In 2023, we completed the acquisition of Data Solutions Holdings Limited (“Data Solutions”), which further expanded our geographic footprint and partner relationships in the United Kingdom and Ireland software distribution markets. In 2024, we completed the acquisition of Douglas Stewart Software & Services, LLC (“DSS”), which further strengthened our reach in the North American K-12 and higher education software distribution markets.

We plan to continue to evaluate acquisition opportunities as part of our overall capital allocation strategy and continuing growth plan.

## **Products**

An essential part of our ongoing operations and strategic growth plan in our Distribution segment is the continued recruitment of software vendors for which we become authorized distributors of their products. Through our Distribution segment, we sell a wide variety of technology products from a broad range of software vendors and manufacturers, such as Adobe, Bluebeam Software, Dark Trace, Delinea, ExtraHop, Fortinet, Micro Focus, Microsoft, SmartBear Software, SolarWinds, Sophos, TechSmith and Trend Micro. On a continuous basis, we screen new vendors and products for inclusion in our line card based on their features, quality, price, profit margins and current market trends. Developing a diverse vendor base is a key element of our business strategy. We focus on establishing deep relationships with our vendor and reseller partners by providing specialized product training to our sales force and the use of dedicated sales teams. We have also established an efficient ordering process with our key partners through the implementation of electronic ordering and other processes adapted to their requirements. As a result, our relationships with our key vendor partners tend to be long-term in nature despite the absence of long-term contracts, with a significant portion of sales derived from annually recurring renewals of software maintenance and subscription agreements related to our partners embedded base of customers utilizing their software products. Additionally, a key part of our strategic growth plan is to provide a high level of support to select emerging and disruptive technology vendors through our Climb Elevate program to develop future relationships throughout the growth cycle of a vendor partner. The Climb Elevate program allows resellers and vendors to connect through the Company for products typically outside of the main line-card.

In our Solutions business, an essential part of our strategic growth plan is to pursue opportunities with higher growth prospects and gross margin characteristics through the sale of specialty products, services and cloud offerings. Through acquisitions in the prior years, we added certain technical and administrative support capabilities to enable us to resell cloud and software as a service products (“SaaS”) including Microsoft products in the United Kingdom. Our strategic growth plan is to expand our cloud offerings by leveraging these support services to other markets and products.

For the year ended December 31, 2025, the Company had no major vendors that accounted for greater than 10% of our consolidated purchases during the year, compared to one vendor that accounted for 10% and 14% of our consolidated purchases, respectively, for the years ended December 31, 2024 and 2023. For the year ended December 31, 2025, our largest five vendors generated approximately 29% of our consolidated purchases. The loss of a key vendor or group of vendors could disrupt our product availability and otherwise have an adverse effect on the Company.

The Company predominantly sells third party software, software subscriptions, and maintenance. Sales of hardware and peripherals consistently represented 8% in 2025 and 6% of our gross billings, an operational metric, in 2024 and 2023.

## **Cloud**

Our vendor and reseller partners are increasingly incorporating cloud and hybrid cloud products into their portfolios. An essential part of our strategic growth plan is to provide value added services to our vendor partners and customers to enhance their ability to market these products. This includes maintaining infrastructure to facilitate licensing of cloud and SaaS products, providing technical support for cloud products, and providing integration and enablement services. We currently have the ability to provide support for these cloud services in North America, the United Kingdom and Europe, and plan to continue to leverage these capabilities to provide cloud support services throughout our worldwide operations.

## **Marketing and Distribution**

We market products through creative marketing communications, including our web sites, local seminars, events, webinars, and social media. We also use direct e-mail and printed material to introduce new products and upgrades, to cross-sell products to current customers, and to educate and inform existing and potential customers. We believe that our blend of electronic and traditional marketing and selling programs are important marketing vehicles for software vendors and manufacturers. These programs provide a cost-effective and service-oriented means to market and sell and fulfill software products and meet the needs of users.

We sell products to large, multi-national broad line resellers, sometimes referred to as direct market resellers (“DMRs”), as well as thousands of VARs, which tend to be smaller and focus on value added services to their customers. As part of our strategic growth plan, we expect to continue diversifying our customer base by offering compelling products to the VAR community as we develop our vendor partner lineup. As a result, an increasing proportion of our sales in 2025 were from VARs, driven by a continued focus on increasing sales to larger VARs with more than \$1 million in annual sales. For the year ended December 31, 2025, the Company had two customers, all of which are considered DMRs, that accounted for 24% and 13%, respectively, of consolidated net sales and as of December 31, 2025, 15% and 8%, respectively, of total net accounts receivable. For the year ended December 31, 2024, the Company had three customers that accounted for 18%, 14%, and 11%, respectively, of consolidated net sales and as of December 31, 2024, 12%, 6% and 19%, respectively, of total net accounts receivable. For the year ended December 31, 2023, there were two customers that accounted for 20%, and 15%, respectively, of consolidated net sales and as of December 31, 2023, 15% and 6%, respectively, of total net accounts receivable. Our top five customers accounted for 55%, 54% and 51% of consolidated net sales in 2025, 2024 and 2023, respectively. The loss of a key customer or a group of customers could have an adverse effect on the Company.

Net sales to customers in the United Kingdom represented 13%, 14% and 15% of our consolidated net sales in 2025, 2024 and 2023, respectively. Net sales to customers in Europe, excluding the United Kingdom, represented 5%, 7%, and 4% of our consolidated net sales in 2025, 2024 and 2023, respectively. Net sales to customers in Canada represented 5%, 6% and 7% of our consolidated net sales in 2025, 2024 and 2023, respectively. For geographic financial information, please refer to Note 12 in the Notes to our Consolidated Financial Statements.

## **Customer Support**

We believe that providing a high level of customer service is necessary to compete effectively and is essential to continued sales and revenue growth. Our account representatives assist our customers with all aspects of purchasing decisions, order processing, returns processing, and inquiries on order status, product pricing and availability. The account representatives are trained to answer all basic questions about the features and functionality of products.

## **Purchasing and Fulfillment**

The Company’s success is dependent, in part, upon the ability of its vendor partners to develop and market products that meet the changing requirements of the marketplace. The Company believes it maintains good relationships with its vendors. The Company and its principal vendors have cooperated frequently in product introductions and in other marketing programs. As is customary in the industry, the Company has no long-term supply contracts with any of its vendor partners, and substantially all the Company’s contracts with its vendors are terminable upon 30 days’ notice or less, however, it is notable that the tenure of our relationships with vendor partners tends to extend over a longer term. We attribute this to the deep relationships we establish with our partners involving sales support, product and customer knowledge, and tailored infrastructure to facilitate efficient order processing.

Most vendor partners or distributors will “drop ship” products directly to the customers, which reduces physical handling by the Company. Inventory management techniques, such as “drop shipping” allow the Company to offer a greater range of products without increased inventory requirements or cost of carrying inventory.

Inventory levels may vary from period to period, due in part to increases or decreases in sales levels, the Company’s practice of making advance purchases when it deems the terms of such purchases to be attractive, and the addition of new vendor partners and products. From time to time, we may make advance payments to vendors to apply against future purchases from the vendor. Moreover, the Company’s order fulfillment and inventory control systems allow the Company to order certain products in time for next day shipping. The Company promotes the use of EDI with its vendor partners and customers, which helps reduce overhead and the use of paper in the ordering process.

## **Competition**

The Company operates in a highly competitive environment, both in North America and Europe. There is significant competition within each market segment and geography served that creates pricing pressure and the need to continually improve services. The market for the technology products we sell is characterized by rapid changes in technology, user requirements, and competitive pricing. The way software products are distributed and sold is constantly changing, and new methods of distribution and sale may emerge or expand, including direct sales by technology providers to end users, and the introduction of cloud versions of their products. As an IT channel solutions provider, a critical element of our strategic growth plan is to maintain our ability to offer an efficient route to market for emerging and disruptive technology vendors. Additionally, a key element of our strategic growth plan is to capitalize on market changes by implementing new value added services such as cloud support and integration offerings.

In our Distribution segment, we compete with other distributors to become an authorized distributor of products from software developers and vendors. The Company competes to gain distribution rights for new products primarily based on its reputation for successfully bringing new products to market and the strength of and quality of its relationships with software vendors and the reseller community. We also compete against other distributors to gain market share among authorized resellers for products we are authorized to distribute, based on price and level of service. We compete against much larger broad-line distributors with more resources than we have, including Arrow Electronics Inc. (NYSE: ARW), TD Synnex Corporation (NYSE: SNX) and Ingram Micro (NYSE: INGM), as well as specialty distributors. We believe we offer a compelling solution for emerging and disruptive technology vendors seeking to establish the IT channel as a route to market, by offering broad distribution capabilities with more flexibility than some of our larger competitors.

In our Solutions segment, we compete against a large variety of IT solutions providers including e-commerce sites, service organizations, VARs, cloud solution providers and technology providers offering direct solutions. We believe that our ability to offer software developers and IT professionals easy access to a wide selection of desired IT products at reasonable prices with prompt delivery and high customer service levels, along with our good relationships with vendor partners, allows us to compete effectively.

## **Information Technology**

The Company operates IT systems on several platforms including Windows and cloud-based platforms that control the full order processing cycle. These IT systems allow for centralized management of key functions, including inventory, accounts receivable, purchasing, sales and distribution and payment processing. We are dependent on the accuracy and proper utilization of our technology systems, telephone systems, websites, e-mail and EDI systems.

Our IT systems allow us to monitor sales trends, real-time product availability, order status throughout the full order cycle, and automates order transactions and invoicing transactions for our customers and vendors. The main focus of our IT systems is to allow us to transact and communicate with our customers and vendors in the most efficient manner possible. We provide various options to transact electronically with our customers and vendors through EDI, XML and other electronic methods.

The Company recognizes the need to continually upgrade its IT systems to effectively manage and secure its infrastructure and customer data and to provide continued scalability and flexibility. In that regard, the Company anticipates that it will, from time to time, require software and hardware upgrades for its present IT systems.

## **Trademarks, Service Marks and Domain Names**

The Company conducts its business under various trademarks and service marks including Climb Channel Solutions, Grey Matter, Climb Global Services and International Software Partners. The Company protects these trademarks and service marks and believes that they have significant value to us and are important factors in our marketing programs.

We have registered and maintained Internet domain names, including “climbglobalsolutions.com”.

## Government Regulation

The Company is subject to and endeavors to comply with various government regulations in the United States as well as various jurisdictions where it operates. These regulations cover several diverse areas including trade compliance, anti-bribery, anti-corruption, money laundering, securities, environmental, and data and privacy protection. Increased government scrutiny of the Company's actions or enforcement could materially and adversely affect its business or damage its reputation. In addition, the Company may conduct, or it may be required to conduct, internal investigations or face audits or investigations by one or more domestic or foreign government or regulatory agencies, which could be costly and time-consuming, and could divert management and key personnel from the Company's business operations. See Risk Factors in Part I, Item 1A.

## Employees and Human Capital

We understand the importance of human capital and prioritize building our culture, talent development, compensation and benefits, and diversity and inclusion. Our human capital resources objectives include identifying, recruiting, retaining, incentivizing and integrating our existing and new employees, advisors and consultants. The attraction, retention and development of employees is critical to our success. We accomplish this, in part, by our competitive compensation practices, training initiatives, and growth opportunities within the Company.

The Company believes its capabilities and services are made possible by a broad group of professionals who understand its customer's problems from numerous perspectives and curate forward-looking, comprehensive solutions. The Company's employees' diverse backgrounds have melded into rich perspectives that sharpen the Company, drive more scale, extending the Company's value, winning in the market with the diversity of its people and the strength of its culture, to enhance value for customers and benefit all stakeholders.

The Company's business results depend in part on its ability to successfully manage human capital resources, including attracting, identifying, and retaining key talent. Factors that may affect the Company's ability to attract and retain qualified employees include employee morale, its reputation, competition from other employers, and availability of qualified individuals.

As of December 31, 2025, the Company had 412 total employees, including 392 full-time employees. The Company is not a party to any collective bargaining agreements with its employees, has experienced no work stoppages and considers its relationships with its employees to be satisfactory.

The following table shows the Company's approximate headcount by region:

	<u>North America</u>	<u>Europe</u>
Headcount	250	162

### *Workforce Health and Safety*

We take workplace safety very seriously and our robust safety program means that we are constantly evaluating our safety protocols in an effort to keep our facilities safe for our employees.

### *Compensation and Benefits*

As part of our compensation philosophy, we believe that we must offer and maintain market competitive compensation and benefit programs for our employees in order to attract and retain superior talent. In addition to competitive base wages, additional programs include the 2021 Omnibus Incentive Plan, a company matched 401(k) Plan, healthcare and insurance benefits, flexible spending accounts, paid time off and employee assistance programs.

*Diversity and Inclusion*

We are committed to our continued efforts to increase diversity and foster an inclusive work environment that supports the workforce and the communities we serve. We recruit the best qualified employees regardless of gender, ethnicity or other protected traits and it is our policy to fully comply with all laws applicable to discrimination in the workplace.

**Company Information**

Our principal executive offices are located at 4 Industrial Way West, Suite 300, Eatontown, NJ 07724, and our telephone number is (732) 389-0932. We have operations throughout North America and Europe. Our website address is [www.climbglobalsolutions.com](http://www.climbglobalsolutions.com), and the other web sites maintained by our business include [www.climbcs.com](http://www.climbcs.com), [www.greymatter.com](http://www.greymatter.com) and [www.dss-edu.com](http://www.dss-edu.com). Information contained on or accessible through our websites is neither a part of this Annual Report nor incorporated by reference herein, and any references to our website and the inclusion of our website address in this Annual Report are intended to be inactive textual references only.

**Available Information**

Under the Exchange Act, the Company is required to file annual, quarterly and current reports, proxy and information statements and other information with the Securities and Exchange Commission (“SEC”). The SEC maintains a web site at <http://www.sec.gov> that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. The Company also makes available, free of charge, through its internet web site at <http://www.climbglobalsolutions.com>, its reports on Forms 10-K, 10-Q and 8-K, and amendments to those reports, as soon as reasonably practicable after they are filed with the SEC. The information contained on, or otherwise accessible through, our website is not part of, or incorporated by reference into, this Annual Report.

The Company has a Code of Ethics and Business Conduct that applies to all employees, officers and directors of the Company, including our Chief Executive Officer and Chief Financial Officer. We review the Code of Ethics and Business Conduct annually and consider updates as necessary. The full text of the Code of Ethics and Business Conduct, is available at our web site, <http://www.climbglobalsolutions.com>. The Company intends to disclose any amendment to, or waiver from, a provision of the Code of Ethics and Business Conduct that applies to its Chief Executive Officer or Chief Financial Officer on our web site.

## Item 1A. Risk Factors

*Investors should carefully consider the risk factors set forth below as well as the other information contained in this Annual Report. Any of the following risks could materially and adversely affect our business, financial condition or results of operations and could cause our results to differ from the “forward-looking statements” contained in this Annual Report. Additional risks and uncertainties not currently known to us or those currently viewed by us to be immaterial may also materially and adversely affect our business, financial condition or results of operations.*

### Risks Related to our Business and Industry

*We serve customers and have locations throughout the world and are subject to terrorist attacks, acts of war, natural disasters, global pandemic and other similar risks, which could materially adversely affect our business, financial condition, and results of operations.* Worldwide economic conditions remain uncertain due to the persistence of inflation, elevated interest rates, market volatility and adverse effects on product demand connected to geopolitical developments including tariff uncertainty, and other disruptions to global and regional economies and markets. Terrorist attacks, acts of war, natural disasters, global pandemics or other disasters or public health concerns in regions of the world where we have operations could result in the disruption of our business. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Specifically, these acts, pandemics, disasters and health concerns can result in increased travel restrictions and extended shutdowns of certain businesses in the region, as well as social, economic, or labor instability. Disruptions in affected regions over a prolonged period could have a material adverse impact on our business and our financial results.

*Changes in the information technology industry and/or economic environment may reduce demand for the products and services we sell.* Our results of operations are influenced by a variety of factors, including the condition of the IT industry, general economic conditions, seasonal buying by end-users, shifts in demand for, or availability of, computer products and software and IT services and industry introductions of new products, upgrades or methods of distribution. We typically sell to our customers on a purchase order basis, rather than pursuant to long-term contracts or contracts with minimum purchase requirements. Consequently, our sales are subject to demand variability by our customers. The information technology products industry is characterized by abrupt changes in technology, rapid changes in customer preferences, short product life cycles and evolving industry standards. Net sales can be dependent on demand for specific product categories, and any change in demand for or supply of such products could have a material adverse effect on our net sales, and/or cause us to record write-downs of obsolete inventory, if we fail to react in a timely manner to such changes.

*We rely on our vendor partners for product availability, marketing funds, purchasing incentives and competitive products to sell. If we are unable to maintain our relationships with our vendor partners, if the vendor partners materially change the terms of their existing agreements with us or we fail to abide by the terms of such agreements, if our vendor partners cease selling their products through distribution generally, or if supply chain shortages and other disruptions occur, our business could be materially adversely affected.* We acquire products for resale both directly from manufacturers and indirectly from distributors. A substantial portion of the products we acquire are purchased from vendor partners with which we have entered into non-exclusive distribution agreements. These agreements are typically cancellable at any time or on short notice (generally 30 days). The loss of a vendor partner could cause a disruption in the availability of products. Additionally, there is no assurance that as manufacturers continue to or increasingly sell directly to end users and through the distribution channel, that they will not limit or curtail the availability of their products to distributors/resellers like us. To the extent that our vendor partners reduce the number of products they sell through the distribution channel or cease selling their products through the distribution channel entirely, experience disruptions in their supply chains, cease to continue doing business with us, or are unable to continue to meet or significantly alter their obligations, our business could be materially adversely affected. Our inability to obtain a sufficient quantity of products, or an allocation of products from a manufacturer in a way that favors one of our competitors, or competing distribution channels, relative to us, could cause us to be unable to fill clients' orders in a timely manner, or at all, which could have a material adverse effect on our business, results of operations and financial condition. In addition, to the extent our vendor partners modify the terms of their contracts to the detriment of us, limit supplies due to capacity constraints or other factors, or cancel such contracts or exercise remedies thereunder due to our breach of contract terms, there could be a material adverse effect on our business. We also rely on our vendor partners to provide funds for us to market their products, including through our online marketing efforts, and to provide purchasing incentives to us. If any of the vendor partners that have historically provided these benefits to us decides to reduce such benefits, our expenses would increase, adversely affecting our results of operations.

***The IT products and services industry is intensely competitive and actions of competitors, including manufacturers of products we sell, can negatively affect our business.*** Competition has been based primarily on price, product availability, speed of delivery, credit availability and quality and breadth of product lines and, increasingly, also is based on the ability to tailor specific solutions to client needs. We compete with manufacturers, including manufacturers of products we sell, as well as a large number and wide variety of marketers and resellers of IT products and services. In addition, manufacturers are increasing the volume of software products they distribute electronically directly to end-users and in the future, will likely pay lower referral fees for sales of certain software licensing agreements sold by us. Further, the manufacturer landscape has continued to experience consolidation, which could negatively impact us if the surviving, consolidated manufacturers decide to exclude us from their supply chains, and which could expose us to increased pricing and dependence on a smaller number of suppliers, among other risks. Increasing consolidation in the industries where our manufacturers operate may occur as companies combine to achieve further economies of scale and other synergies, which could result in reduced supplies, as companies seek to eliminate duplicative product lines and services, and increased prices, which could have a material adverse effect on our business. Generally, pricing is very aggressive in the industry, and we expect pricing pressures to continue. We compete for both customers and manufacturers in a highly competitive international environment against other large multinational and national distributors and resellers, as well as numerous other smaller, specialized competitors who generally focus on narrower market sectors, products, or industries. Such robust competition broadly, and within each market sector and geography, creates pricing and margin pressure and continuous demand for us to improve service and product offerings. There can be no assurance that we will be able to negotiate prices as favorable as those negotiated by our competitors or that we will be able to offset the effects of price reductions with an increase in the number of clients, higher net sales, cost reductions, or greater sales of services, which service sales typically are delivered at higher gross margins, or otherwise. Price reductions by our competitors that we either cannot or choose not to match, could result in an erosion of our market share and/or reduced sales or, to the extent we match, such reductions, could result in reduced operating margins, any of which could have a material adverse effect on our business, results of operations and financial condition.

***If we fail to adequately invest successfully in and introduce digital, artificial intelligence (“AI”), and other technological developments, or our suppliers are not able to continue to offer competitive components and electronic computing solutions, it could materially adversely impact results.*** Our industry is subject to rapid and significant technological changes, and our ability to meet our customers’ needs and expectations is key to our ability to grow sales and earnings. Our customers and suppliers increasingly expect our platforms to include digital technologies to facilitate distribution of components and electronic computing solutions over time. For example, the ability of customers to access their accounts, place orders, and otherwise interface with us using digital technology is an important aspect of the distribution industry, and distribution companies are rapidly introducing new digital and other technology-driven products and services that aim to offer a better customer experience and reduce costs. If we are unable to maintain and enhance our digital platforms, cloud platforms, and AI-related tools to keep pace with competitors and align with evolving customer and supplier expectations and demands, it could adversely impact our sales revenues and ability to retain existing, and attract new, customers.

We currently incorporate AI technology in certain offerings and in our business operations. AI systems are complex, rapidly changing, and may not operate as intended. Use of AI could lead to unintended consequences, including exposing us to additional risks related to cybersecurity, privacy and data security, such as the risk of increased vulnerability to cybersecurity threats and exposure, impacts to the stability of our operations, the inadvertent disclosure, misuse, or corruption of intellectual property, confidential, personal, or competitively sensitive information that could affect our reputation. Our efforts to expand AI capabilities within our products and internal functions involve risks, costs and operational challenges. Although we aim to design, develop, and deploy AI responsibly and to identify and mitigate associated ethical, legal and technical risks, we may not detect or resolve issues before they occur. AI technologies are complex and rapidly evolving, we face significant competition in the market and from other companies regarding such technologies. Further, the legal and regulatory landscape for AI is rapidly evolving and uncertain, and requirements may differ across jurisdictions. Compliance with new or existing AI-related laws, regulations, or government guidance—including emerging frameworks such as those in the European Union—may impose significant costs, restrict our ability to integrate certain AI capabilities, or expose us to liability. Failures, deficiencies, or misuse of AI technologies could result in regulatory inquiries or actions, litigation or reputational damage, any of which could materially harm our business.

Our sales are also partially dependent on continued innovations in solutions by our suppliers, the competitiveness of our suppliers’ offerings, and our ability to partner with new, emerging and disruptive technology providers. We may have difficulty offering customers solutions that anticipate and respond to rapid and continuing changes in technology and which meet their evolving demands.

***The way software products are distributed and sold is changing, and new methods of distribution and sale may emerge or expand.*** Software vendors have sold, and may intensify their efforts to sell, their products directly to end-users. There can be no assurances that software developers and vendors will continue using distributors and resellers to the same extent they currently do. Future efforts by software developers and vendors to bypass third-party sales channels could materially and adversely affect the Company’s business, results of operations and financial condition. In addition, resellers and software vendors may attempt to increase the volume of software products distributed electronically through ESD technology, through subscription services, and through online shopping services. Any of these competitive programs, if successful, could have a material adverse effect on the Company’s business, results of operations and financial condition. The Company’s business and results of operations may be adversely affected if the terms and conditions of the Company’s authorizations with its vendors were to be significantly modified or if certain products become unavailable to the Company.

***We offer credit to our customers and, therefore, are subject to significant credit risk.*** We sell our products to a large and diverse customer base. We finance a significant portion of such sales through trade credit, typically by providing 30 to 60-day payment terms. In addition, we offer extended payment terms to certain customers for terms of up to two years. As a result, our business could be adversely affected in the event of a deterioration of the financial condition of our customers, resulting in the customers' inability to repay us. This risk may increase if there is a general economic downturn affecting a large number of our customers and in the event our customers do not adequately manage their business or properly disclose their financial condition. Also, certain of our larger customers require greater than 30-day payment terms which could increase our credit risk and decrease our operating cash flow.

***We face substantial competition from other companies.*** We compete in all areas of our business against local, regional, national, and international firms. Some of our current competitors have substantially greater capital resources and sales and distribution capabilities than we do. In response to competitive pressures from any of our current or future competitors, we may be required to lower selling prices in order to maintain or increase market share, and such measures could adversely affect our operating results. In addition, we face competition from vendors, which may choose to market their products directly to end-users, rather than through channel partners such as the Company, and this could adversely affect our future sales. Many competitors compete based principally on price and may have lower costs or accept lower selling prices than we do and, therefore, our gross margins may not be maintainable.

As a result of significant price competition in the IT industry, our gross margins are low, and we expect them to continue to be low in the future. Increased competition arising from industry consolidation and low demand for certain IT products and services may hinder our ability to maintain or improve our gross margins. These low gross margins magnify the impact of variations in gross billings and operating costs on our operating results. A portion of our operating expenses are relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, we may not be able to reduce our operating expenses to sufficiently mitigate any further reductions in gross profit or margin in the future. If we cannot proportionately decrease our cost structure in response to competitive price pressures, our business and operating results could suffer.

Our competitors may offer better or different products and services than we offer. In addition, we do not have guaranteed purchasing volume commitments from our customers and, therefore, our sales volume may be volatile.

***Our business is substantially dependent on a limited number of customers and vendors, and the loss or any change in the business habits of such key customers or vendors may have a material adverse effect on our financial position and results of operations.*** Our business experiences customer and vendor concentration from time to time. Because our standing arrangements and agreements with our customers and vendors typically contain no purchase or sale obligations and are terminable by either party upon several months or otherwise relatively short notice, we are subject to significant risks associated with the loss or change at any time in the business habits and financial condition of key customers or vendors. We have experienced the loss and changes in the business habits of key customer and vendor relationships in the past and expect to do so again in the future.

Sales of products purchased from our largest two vendors accounted for 14% of our 2025 purchases and sales from our largest five vendors generated approximately 29% of 2025 purchases. As is the case with many of our vendor and customer relationships, our contractual arrangements with these large vendors are terminable by either party upon short notice. If these contracts or our relationships with these vendors terminate for any reason, or if any of our other significant vendor relationships terminate for any reason, and we are not able to sell or procure a sufficient supply of those products from alternative sources, or at all, our financial position and results of operations would be adversely affected. Our vendors are subject to many if not all of the same (or similar) risks and uncertainties to which we are subject, as well as other risks and uncertainties, and we compete with others for their business. Accordingly, we are at a continual risk of loss of their business on account of a number of factors and forces, many of which are largely beyond our control.

In 2025, our two largest customers accounted for 37% of our net sales and our largest five customers accounted for 55% of our net sales. If any of our significant customer relationships terminate for any reason, and we are not able to replace those customers and associated revenues, our financial position and results of operations would be adversely affected.

***Disruptions in our information technology and data networks could affect our ability to service our clients and cause us to incur additional expenses.*** We believe that our success to date has been, and future results of operations likely will be, dependent in large part upon our ability to provide prompt and efficient service to clients. Our ability to provide such services is dependent largely on the accuracy, quality and utilization of the information generated by our IT systems, which affect our ability to manage our sales, client service, distribution, inventories and accounting systems and the reliability of our data networks.

***Failure to adequately maintain the security of our electronic systems and confidential information could materially adversely affect our business, financial condition and results of operations.*** We are dependent on automated information technology systems to conduct our operations, and privacy, data security and regulatory compliance risks have increased as technology has evolved and as our business and cross-border activities have expanded. In the ordinary course of our business, we collect, process and store confidential information, including personal information relating to our employees and information relating to our partners and clients, much of which is subject to protection under applicable data protection, privacy and cybersecurity laws and regulations. We also routinely share certain of this information with third-party vendors and service providers that support our operations.

The secure transmission and storage of confidential and personal information over public and private networks, including in connection with electronic and cashless payment systems, is critical to our business. Although we did not experience any material cybersecurity breaches in 2025, our systems and those of our third-party vendors may be vulnerable to cybersecurity incidents, including unauthorized access, ransomware, malware, phishing or other attacks, system failures, human error or misconduct. Any failure by us or our vendors to prevent or mitigate such incidents, including a compromise of network security or misappropriation of confidential or personal information, could result in business interruption, loss of data, reputational harm, contractual or other financial obligations, fines, penalties, regulatory investigations or proceedings and private litigation, as well as a loss of confidence by our employees, partners and clients, any of which could have a material adverse effect on our business, financial condition and results of operations.

***We rely heavily on our internal information systems, which, if not properly functioning, could materially adversely affect our business.*** We rely on our information systems to support daily operations and generate timely, accurate, and reliable financial and operational data. We are undergoing projects to streamline and optimize our multiple technology platforms to a consistent technology platform globally. The size and complexity of our information systems make them vulnerable to breakdown, defective software updates from our information-technology vendors, failure to keep software updated and current, and ransomware attacks. Failure to properly or adequately address such issues could impact our ability to perform necessary business operations, which could materially adversely affect our business. Technologies used in or integrated into our operations, such as cloud-based services, AI, and automation, may cause an adverse shift in the way our existing business operations are conducted.

***We depend on certain key personnel.*** Our future success will be largely dependent on the efforts of key management personnel for strategic and operational guidance as well as relationships with our key vendors and customers. We also believe that our future success will be largely dependent on our continued ability to attract and retain highly qualified management, sales, service, finance and technical personnel. We cannot assure you that we will be able to attract and retain such personnel. Any failure to attract, retain, motivate, and develop key executive and employee talent may materially and adversely affect our business. Further, we make a significant investment in the training of our sales account executives. Our inability to retain such personnel or to train them either rapidly enough to meet our expanding needs or in an effective manner for quickly changing market conditions could cause a decrease in the overall quality and efficiency of our sales staff, which, in turn, could have a material adverse effect on our business, results of operations and financial condition.

***Changes in our global mix of earnings, tax laws, and regulations could cause fluctuations in our effective tax rate and adversely impact financial results.*** Our effective tax rate may be adversely affected by fluctuations in the geographic distribution of earnings, which may subject earnings to different or multiple statutory tax rates. Shifts in the business environment or changes in tax laws and regulations in each jurisdiction in which we operate may also adversely affect our effective tax rate. In recent years, numerous domestic and international tax proposals have been issued and enacted which have increased the tax burden on large multinational companies. For example, the Organization for Economic Co-operation and Development (OECD) has advanced new tax proposals affecting international taxation, including the establishment of a global minimum tax of 15%, which many countries are either considering implementing or have already implemented. Any new tax legislation could impact our tax obligations in the countries where we operate, leading to increased taxation of our international earnings. Moreover, changes to U.S. or foreign tax laws could have broader implications, including indirect effects on the economy, currency markets, inflation, or competitive dynamics, which are difficult to predict and may negatively impact us. Such tax developments could further increase uncertainty and have a material adverse impact on our, effective tax rate, and financial results.

***We may explore additional growth through acquisitions.*** We have in the past, pursued, and in the future expect to pursue, acquisitions of businesses and assets in new markets, either within the IT industry, that complement or expand our existing business. As part of our strategic growth plan, we may pursue the acquisition of companies that either complement or expand our existing business. As a result, we regularly evaluate potential acquisition opportunities, which may be material in size and scope. In addition to those risks to which our business and the acquired businesses are generally subject, the acquisition of these businesses gives rise to transactional and transitional risks, and the risk that the anticipated benefits will not be realized. We may incur additional costs and certain redundant expenses in connection with our acquisitions, which may have an adverse impact on our operating margins. Future acquisitions may result in dilutive issuances of equity securities, the incurrence of additional debt, large write-offs, a decrease in future profitability, or future losses.

***When the Company makes acquisitions, it may take on additional liabilities or not be able to successfully integrate such acquisitions.*** As part of the Company's history and strategic growth plan, it has acquired other businesses. Acquisitions involve numerous risks, including the following:

- effectively combining the acquired operations, technologies, or products;
- unanticipated costs or assumed liabilities, including those associated with regulatory actions or investigations;
- not realizing the anticipated financial benefit from the acquired companies;
- diversion of management's attention;
- negative effects on existing customer and vendor partner relationships; and
- potential loss of key employees of the acquired companies.

Further, the Company has made, and may continue to make acquisitions of, or investments in new services, businesses or technologies to expand its current service offerings and product lines. Some of these may involve risks that may differ from those traditionally associated with the Company's core distribution business, including undertaking product or service warranty responsibilities that in its traditional core business would generally reside primarily with its vendor partners. If the Company is not successful in mitigating or insuring against such risks, it could have a material adverse effect on the Company's business.

***Our results of operations are subject to fluctuations in foreign currency.*** We have several foreign subsidiaries and conduct business in various countries and currencies. As result of these foreign operations, we have exposure to fluctuations in foreign currency rates resulting primarily from the translation exposure associated with the preparation of our consolidated financial statements. While our consolidated financial statements are reported in US dollars, the financial statements of our subsidiaries outside the US are prepared using the local currency as the functional currency and translated into US dollars. As a result, fluctuations in the exchange rate of the US dollar relative to the functional currencies of our subsidiaries could cause fluctuations in our results of operations. We also have foreign currency exposure to the extent net sales and purchases are not denominated in a subsidiary's functional currency, which could have an adverse effect on our business, results of operations, or cash flows.

***The Company's non-U.S. sales represent a significant portion of our revenues, and consequently, the Company is exposed to risks associated with operating internationally.*** In 2025, 2024 and 2023, approximately 23%, 27% and 26% of the Company's net sales came from its operations outside the United States, respectively. As a result of the Company's international sales and locations, its operations are subject to a variety of risks that are specific to international operations, including the following:

- import and export regulations that could erode profit margins or restrict exports;
- the burden and cost of compliance with international laws, treaties, and technical standards and changes in those regulations;
- potential restrictions on transfers of funds;
- import and export tariffs, duties and value-added taxes;
- transportation delays and interruptions;
- the burden and cost of compliance with complex multi-national tax laws and regulations;
- uncertainties arising from local business practices and cultural considerations;
- foreign laws that potentially discriminate against companies which are headquartered outside that jurisdiction;
- stringent antitrust regulations in local jurisdictions;
- volatility associated with sovereign debt of certain international economies;
- potential military conflicts and political risks; and
- currency fluctuations, which the Company attempts to minimize through traditional hedging instruments.

***The terms of our debt arrangement impose restrictions on our ability to operate which in turn could negatively affect our ability to respond to business and market conditions and therefore could have an adverse effect on our business and operating results.*** As of December 31, 2025, we had approximately \$0.2 million outstanding under our term loan with First American Commercial Bancorp and there were no amounts outstanding under our revolving credit agreement with JPMorgan Chase Bank, N.A. The terms of one or more of the agreements under which this indebtedness was incurred may limit or restrict, among other things, our (or our subsidiaries', as applicable) ability to incur additional indebtedness or liens, or enter into certain transactions.

We are also required to maintain specified financial ratios and satisfy certain financial condition tests under certain of our debt facilities. Our inability to meet these ratios and tests could result in the acceleration of the repayment of the related debt, termination of the applicable facility, an increase in our effective cost of funds or the cross-default of other debt facilities and securitization arrangements. As a result, our ability to operate may be restricted and our ability to respond to business and market conditions may be limited, which could have an adverse effect on our business and operating results.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.*** Interest rates have increased and may continue to increase in the future. As a result, interest rates on the obligations under certain of our credit facilities, or other variable rate debt incurrences or offerings could increase. If interest rates increase and we borrow amounts under certain of our credit facilities, debt service obligations and our interest expense will increase. Our net income and cash flows, including cash available for servicing indebtedness, will correspondingly decrease.

An increase in interest rates may increase our future borrowing costs and restrict our access to capital. Additionally, current market conditions, the global economy, and overall credit conditions could limit our availability of capital, which could cause increases in interest margin spreads over underlying indices, effectively increasing the cost of our borrowing.

## Legal and Regulatory Risks

***We may be liable for misuse of our customers' or employees' information.*** Third-parties, such as hackers, could circumvent or sabotage the security practices and products used in our product and service offerings, and/or the security practices or products used in our internal IT systems, which could result in disclosure of sensitive or personal information, unauthorized procurement, or other business interruptions that could damage our reputation and disrupt our business. Attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats.

Our employees work in a hybrid environment, which includes splitting time between working from the office and working from home, we are highly reliant on the availability and functionality of our information systems to enable our operations. Working from home may increase risk of data loss, including privacy-related events. If our information systems are not operational for reasons which may include cyber security attacks, data center failures, failures by telecom providers to provide services to our business and to our employees' homes, power failures, or failures of off-premise software such as SaaS based software, our business and financial results may be adversely impacted.

If third-parties or our employees are able to maliciously penetrate our network security or otherwise misappropriate our customers' information or employees' personal information, or other information for which our customers may be responsible and for which we agree to be responsible in connection with service contracts into which we may enter, or if we give third-parties or our employees improper access to certain information, we could be subject to liability. This liability could include claims for unauthorized access to devices on our network; unauthorized access to our customers' networks, hardware, applications, data, devices, or software; unauthorized purchases with credit card information; and identity theft or other similar fraud-related claims. This liability could also include claims for other misuses of or inappropriate access to personal information. Other liability could include claims alleging misrepresentation of our privacy and data security practices. Any such liability for misappropriation of this information could decrease our profitability. In addition, federal and state agencies have been investigating various companies regarding whether they misused or inadequately secured information. We could incur additional expenses when new laws or regulations regarding the use, safeguarding, or privacy of information are enacted, or if governmental agencies require us to substantially modify our privacy or security practices. We could fail to comply with international and domestic data privacy laws, the violation of which may result in audits, fines, penalties, litigation, or administrative enforcement actions with associated costs.

***Our operations are subject to numerous complex federal, state, provincial, local and foreign laws and regulations in a number of areas, including labor and employment, advertising, e-commerce, tax, trade, import and export requirements, economic and trade sanctions, anti-corruption, data privacy requirements (including those under the European Union General Data Protection Regulation and the California Consumer Privacy Act), anti-competition, environmental and health and safety.*** Compliance with these requirements may require significant operational changes, and violations may result in investigations, fines, penalties, restrictions on our ability to process personal data, and reputational harm. In addition, privacy and data protection rules, including requirements applicable to cross-border transfers of personal data, are evolving and may be inconsistent across jurisdictions, which can increase compliance costs and the risk of noncompliance. The evaluation of, and compliance with these laws, regulations and similar requirements may be onerous and expensive, and these laws and regulations may have other adverse impacts on our business, results of operations or cash flows. Furthermore, these laws and regulations are evolving and may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business, and the risk of noncompliance.

We have implemented policies and procedures designed to help ensure compliance with applicable laws and regulations, but there can be no guarantee against coworkers, contractors or agents violating such laws and regulations or our policies and procedures. As a public company, we also are subject to increasingly complex public disclosure, corporate governance and accounting requirements that increase compliance costs and require significant management focus.

***The Company may be subject to intellectual property rights claims, which are costly to defend, could require payment of damages or licensing fees and could limit the Company's ability to use certain technologies in the future.*** Certain of the Company's products and services include intellectual property owned primarily by the Company's third-party vendor partners. Substantial litigation and threats of litigation regarding intellectual property rights exist in the software and some service industries. From time to time, third parties (including certain companies in the business of acquiring patents not for the purpose of developing technology but with the intention of aggressively seeking licensing revenue from purported infringers) may assert patent, copyright and/or other intellectual property rights to technologies that are important to the Company's business. In some cases, depending on the nature of the claim, the Company may be able to seek indemnification from its vendor partners for itself and its customers against such claims, but there is no assurance that it will be successful in obtaining such indemnification or that the Company is fully protected against such claims. Any infringement claim brought against the Company, regardless of the duration, outcome, or size of damage award, could result in substantial cost to the Company, divert management's attention and resources, be time consuming to defend, result in substantial damage awards, or cause product shipment delays.

Additionally, if an infringement claim is successful the Company may be required to pay damages or seek royalty or license arrangements, which may not be available on commercially reasonable terms. The payment of any such damages or royalties may significantly increase the Company's operating expenses and impact the Company's operating results and financial condition. Also, royalty or license arrangements may not be available at all. The Company may have to stop selling certain products or using technologies, which could affect the Company's ability to compete effectively.

***Our business could be negatively affected as a result of the actions of activist shareholders.*** Publicly traded companies have increasingly become subject to campaigns by activist investors advocating corporate actions such as financial restructurings, increased borrowings, special dividends, stock repurchases or even sales of assets or entire companies to third parties or the activists themselves. Responding to proxy contests and other actions by activist shareholders can be costly and time-consuming, disrupt our operations and divert the attention of our Board of Directors and senior management from the pursuit of business strategies, which could adversely affect our results of operations and financial condition. Additionally, perceived uncertainties as to our future direction as a result of shareholder activism or changes to the composition of the Board of Directors may lead to the perception of a change in the direction of the business, instability or lack of continuity. These uncertainties may be more acute or heightened when an activist seeks to change a majority of the Board of Directors or ultimately desires to acquire the Company. Additionally, actions by activist shareholders may be exploited by our competitors, cause concern to our current or potential customers, make it more difficult to attract and retain qualified personnel and may create adverse uncertainty for our employees.

***Changes in accounting rules, or the misapplication of current accounting rules, may adversely affect our future financial results.*** We prepare our financial statements in conformity with accounting principles generally accepted in the U.S. These accounting principles are subject to interpretation by the Financial Accounting Standards Board, the Public Company Accounting Oversight Board, the SEC, the American Institute of Certified Public Accountants ("AICPA") and various other bodies formed to interpret and create appropriate accounting policies. Future periodic assessments required by current or new accounting standards may result in noncash charges and/or changes in presentation or disclosure. In addition, any change in accounting standards may influence our customers' decision to purchase from us or finance transactions with us, which could have a significant adverse effect on our financial position or results of operations.

We are required to determine if we are the principal or agent in all transactions with our customers. The voluminous number of products and services we sell, and the manner in which they are bundled, are technologically complex. Mischaracterization of these products and services could result in misapplication of revenue recognition policies. We use estimates where necessary, such as allowance for doubtful accounts and product returns, which require judgment and are based on best available information. If we are unable to accurately estimate the cost of these services or the timeline for completion of contracts, the profitability of our contracts may be materially and adversely affected.

***Changes to U.S. Tariffs, import and export controls and other trade regulations could adversely affect our business, financial condition and results of operations.*** We rely on a global ecosystem of software publishers, hardware manufacturers, cloud service providers and other technology partners to market, deliver and support solutions for our customers. The United States has enacted, and may continue to enact or propose, significant tariffs and other trade measures, and the U.S. government may modify key aspects of U.S. trade policy, including the use of tariffs, sanctions, import restrictions and export controls.

Ongoing geopolitical developments and changes in trade policies, treaties and tariffs have created and may continue to create, significant uncertainty regarding the scope, timing and impact of such measures, including with respect to trade between the United States and other countries. These developments, or the perception that they may occur, could increase costs, reduce availability, or extend lead times for the hardware products that we distribute, and could disrupt cross-border service delivery, support or licensing for software and cloud offerings. In addition, tariffs or other trade restrictions could adversely affect our vendors' manufacturing and supply chains, limit our or our vendors' ability to transact with certain counterparties or in certain jurisdictions, reduce customer demand, delay purchasing decisions, or compress margins if increased costs are borne within our distribution ecosystem. Any of these factors could disrupt our operations or relationships with vendors and customers and materially adversely affect our business, financial condition and results of operations.

## Financial Risks and Market Risks

***Our quarterly financial results may fluctuate, which could lead to volatility in our stock price.*** Our revenue and operating results have fluctuated from quarter to quarter in the past and may continue to do so in the future. As a result, you should not rely on quarter-to-quarter comparisons of our operating results as an indication of our future performance. Fluctuations in our revenue and operating results could negatively affect the trading price of our stock. In addition, our revenue and results of operations may, in the future, be below the expectations of analysts and investors, which could cause our stock price to decline. Factors that are likely to cause our revenue and operating results to fluctuate include the risk factors discussed throughout this section.

***Our goodwill and identifiable intangible assets could become impaired, which could reduce the value of our assets and reduce net income in the year in which the write-off occurs.*** Goodwill represents the excess of the cost of an acquisition over the fair value of the assets acquired. We also ascribe value to certain identifiable intangible assets, which consist primarily of vendor relationships, customer relationships and trade names, among others, as a result of acquisitions. We may incur impairment charges on goodwill or identifiable intangible assets if we determine that the fair values of the goodwill or identifiable intangible assets are less than their current carrying values. If events or circumstances occur that indicate all, or a portion, of the carrying amount of goodwill or identifiable intangible assets is or may no longer be recoverable, an impairment charge to earnings may become necessary. The Company evaluates, on a regular basis, whether events or circumstances have occurred that indicate all, or a portion, of the carrying amount of goodwill or identifiable intangible assets may no longer be recoverable, in which case an impairment charge to earnings would become necessary.

A decline in general economic conditions, a substantial increase in market interest rates, an increase in income tax rates, or the Company's inability to meet long-term working capital or operating income projections could impact future valuations of the Company's reporting units, and the Company could be required to record an impairment charge in the future, which could impact the Company's consolidated balance sheets, as well as the Company's consolidated statements of operations.

***The inability to obtain financing on favorable terms may adversely impact our business, financial position and results of operations.*** Our business requires working capital to operate and to finance accounts receivable and product inventory that are not financed by trade creditors. We have historically relied upon cash generated from operations, revolving credit facilities and trade credit from our vendors to satisfy our capital needs and finance growth. As the financial markets change, the cost of acquiring financing and the methods of financing may change. Changes in our credit rating or other market factors may increase our interest expense or other costs of capital, or capital may not be available to us on competitive terms to fund our working capital needs.

***We have suspended quarterly dividends and may not resume paying dividends on our Common Stock, which could adversely affect the value of our Common Stock.*** Beginning with the first quarter of 2026, our Board of Directors determined to suspend quarterly cash dividends in order to preserve financial flexibility and prioritize our capital allocation objectives. Any future declaration and payment of dividends will be determined from time to time by our Board of Directors and will depend on, among other things, our results of operations, cash flows, liquidity, financial condition, capital requirements and other factors the Board of Directors deems relevant. There can be no assurance that we will resume paying dividends in the future. The suspension of dividends, or any future reduction or continued absence of dividends, could cause the market price of our Common Stock to decline and could adversely affect your ability to realize a return on your investment.

***Risks related to our Common Stock.*** The issuance of additional shares of our Common Stock, or securities convertible into or exercisable for shares of our Common Stock, could dilute your ownership interest and could adversely affect the market price of our Common Stock.

Trading volume in our Common Stock may be limited and may fluctuate significantly, and these dynamics may be affected from time to time by our repurchases of our Common Stock. As a result of a potentially limited trading market and public float, the market price of our Common Stock may be more volatile than the overall stock market and the stock prices of other companies with larger public floats. In addition, trading in relatively small volumes of our Common Stock may have a disproportionate effect on its trading price compared to companies with broader public ownership.

Our Common Stock is listed on The Nasdaq Global Market and we are subject to Nasdaq's continued listing requirements, including requirements relating to, among other things, minimum bid price, market value of publicly held shares, public float, number of stockholders, number of market makers and certain financial thresholds. If we fail to satisfy one or more of these requirements, Nasdaq may take steps to delist our Common Stock. If our Common Stock were delisted and we were unable to qualify for listing on The Nasdaq Capital Market, or another national securities exchange, our Common Stock could be quoted on an over-the-counter market, including the OTC Bulletin Board or "pink sheets". In that event, we could experience significant adverse consequences, including reduced liquidity, fewer market quotations for our securities, increased price volatility and a diminished ability to issue additional securities or obtain financing on acceptable terms, or at all.

## General Risk Factors

***Global and regional economic and political conditions may have an adverse impact on our business. We are also subject to environmental laws and regulations, and may be impacted by climate change, in ways that could materially adversely affect our business.*** Weak economic conditions generally, sustained uncertainty about global economic and political conditions, government spending cuts and the impact of new government policies, or a tightening of credit markets, could cause our customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on our business, results of operations or cash flows. Long-term climate change impacts, including the frequency and magnitude of severe weather events, and natural disasters, may significantly impact our operations and business, either directly or indirectly, by adversely affecting the price and availability of energy, and the supply of other services or materials throughout our supply chain, any of which could have a material adverse effect on our business. Proposed and existing efforts to address concerns over climate change by reducing greenhouse gas emissions could also directly or indirectly affect our cost of energy and other operating costs.

***General economic weakness may reduce our revenues and profits.*** Generally, economic downturns, may cause some of our current and potential customers to delay or reduce technology purchases, resulting in longer sales cycles, slower adoption of new technologies and increased price competition. We may, therefore, experience a greater decline in demand for the products we sell, resulting in increased competition and pressure to reduce the cost of operations. Any benefits from cost reductions may take longer to realize and may not fully mitigate the impact of the reduced demand. In addition, weak financial and credit markets heighten the risk of customer bankruptcies and create a corresponding delay in collecting receivables from those customers and may also affect our vendors' ability to supply products, which could disrupt our operations. The realization of any or all these risks could have a material adverse effect on our business, results of operations and financial condition.

***If we fail to maintain an effective system of internal controls or discovers material weaknesses in our internal controls over financial reporting, we may not be able to report our financial results accurately or timely or detect fraud, which could have a material adverse effect on our business.*** An effective internal control environment is necessary for us to produce reliable financial reports and is an important part of our effort to prevent financial fraud. We are required to annually evaluate the effectiveness of the design and operation of our internal controls over financial reporting. Based on these evaluations, we may conclude that enhancements, modifications, or changes to internal controls are necessary or desirable. While management evaluates the effectiveness of our internal controls on a regular basis, these controls may not always be effective. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate financial statement risk. If we fail to maintain an effective system of internal controls, or if management or our independent registered public accounting firm discovers material weaknesses in our internal controls, we may be unable to produce reliable financial reports or prevent fraud, which could have a material adverse effect on our business. In addition, we may be subject to sanctions or investigation by regulatory authorities, such as the SEC or the NASDAQ. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements, which could cause the market price of our Common Stock to decline or limit our access to capital.

***Changes in income tax and other regulatory legislation.*** We operate in compliance with applicable laws and regulations and make plans for our structure and operations based upon existing laws and anticipated future changes in the law. When new legislation is enacted with minimal advance notice, or when new interpretations or applications of existing laws are made, we may need to implement changes in our policies or structure. We are susceptible to unanticipated changes in legislation, especially relating to income and other taxes, import/export laws, hazardous materials and other laws related to trade, accounting and business activities. Such changes in legislation may have an adverse effect on our business.

***We may be subject to litigation.*** We may be subject to legal claims or regulatory matters involving stockholder, consumer, antitrust, intellectual property and other issues. Litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages or other adverse effects. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on our business, financial position and results of operations for the period in which the ruling occurred or future periods.

**Item 1B. Unresolved Staff Comments**

Not applicable.

**Item 1C. Cybersecurity**

Our Company maintains a cyber risk management program designed to identify, assess, manage, mitigate, and respond to cybersecurity threats. The Board of Directors and senior management devote significant resources to cybersecurity and risk management processes to adapt to the changing cybersecurity landscape and respond to emerging threats in a timely and effective manner.

We regularly assess the threat landscape with a layered cybersecurity strategy based on prevention, detection, and mitigation. Our IT team reviews enterprise risk management-level cybersecurity risks annually. In addition, we have a set of Company-wide policies and procedures concerning cybersecurity matters, such as encryption standards, antivirus protection, remote access, multifactor authentication, confidential information and the use of internet, social media, email, and personal devices. The policies include standards from, among others, the National Institute of Standards and Technology framework, Payment Card Industry Data Security Standards and the Center for Internet Security Standards and are reviewed and approved by appropriate members of management. Employees must be aware of the Company's security policies and acknowledge their understanding and compliance to each of the policies annually.

The Board of Directors oversees the Company's cybersecurity risk exposures, with primary oversight responsibility delegated to the Audit Committee. In accordance with its charter, the Audit Committee periodically reviews and discusses with management the Company's cybersecurity and data privacy risks, the policies and procedures implemented to monitor and mitigate those risks, the adequacy of information technology and cybersecurity controls, and reports regarding cybersecurity incidents, assessments and remediation efforts, as appropriate. The Chief Information Officer oversees the IT team and is responsible for developing and implementing our information security program and reporting on cybersecurity matters to the Audit Committee. We view cybersecurity as a shared responsibility, and we periodically perform simulations and tabletop exercises at a management level and incorporate external resources and advisors as needed. All employees are required to complete cybersecurity trainings through online training modules. Our IT team regularly monitors alerts and meets to discuss threat levels, trends and remediation plans as needed. Additionally, we conduct periodic penetration tests to assess our processes and procedures to ensure we have a robust cybersecurity program.

The Company faces risks from cybersecurity threats that could have a material adverse effect on our business, financial condition, results of operations, cash flows or overall reputation. Although we will continue to face such risks during our normal course of business, to date, they have not materially affected our business, financial position and results of operations. See "Failure to adequately maintain the security of our electronic and other confidential information could materially adversely affect our financial condition and results of operations" in Item 1A. Risk Factors.

## **Item 2. Properties**

The Company leases approximately 20,000 square feet of space in Eatontown, New Jersey for its corporate headquarters under a lease expiring in April 2027. Total annual rent expense for this premise is approximately \$490,000. The Company subleases approximately 7,165 square feet of this space under a sublease expiring in April 2027. Total annual sublease income for this space is approximately \$150,000.

The Company also leases 7,044 square feet of office and warehouse space in Millersville, Maryland. The lease term for this facility is set to expire in April 2030. The total annual rent expense is approximately \$117,000. The Company also leases satellite offices in Colorado and Wisconsin. The total annual rent expense for the satellite offices is approximately \$130,000. The Company also leases office space in the United Kingdom under a lease expiring in April 2038. Total annual rent expense for this premise is approximately \$56,000. The Company leases approximately 2,357 square feet of office and warehouse space in Dublin, Ireland pursuant to two separate lease agreements. The office space lease expires in December 2029, while the warehouse lease expires in March 2030. The combined annual rent expense is approximately \$130,000.

The Company also owns approximately 5,800 square feet of office and warehouse space in Dublin, Ireland, which was acquired through the acquisition of Data Solutions.

We believe that each of the properties is in good operating condition and that such properties are adequate for the operation of the Company's business as currently conducted. We also rent smaller satellite offices on a short-term basis.

## **Item 3. Legal Proceedings**

We are involved from time to time in routine legal matters and other claims incidental to our business. There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject, and there are no material proceedings known to be contemplated by government authorities.

## **Item 4. Mine Safety Disclosures**

Not applicable.

## **PART II**

## **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

### **Market Information**

Shares of our Common Stock trade on The Nasdaq Global Market tier of The Nasdaq Stock Market under the symbol "CLMB".

### **Dividends**

In each of 2025, 2024 and 2023, we declared dividends totaling \$0.68 per share on our Common Stock. Following the end of fiscal year 2025, our Board of Directors determined to suspend quarterly cash dividends on our Common Stock beginning with the first quarter of 2026 in order to preserve financial flexibility and prioritize capital allocation objectives.

The declaration and payment of any future dividends will be at the discretion of our Board of Directors and will depend on, among other things, our future earnings, results of operations, capital requirements, financial condition, contractual restrictions, including the terms of the agreements governing our existing indebtedness and any future indebtedness we may incur, and other factors the Board of Directors may deem relevant. There can be no assurance that we will resume paying cash dividends in the future.

### **Shareholder Information**

As of February 9, 2026, there were approximately 22 record holders of our Common Stock. This figure does not include an estimate of the number of beneficial holders whose shares are held of record by banks, broker or other nominees.

### **Recent Sales of Unregistered Securities**

None.

**Purchases of Equity Securities**

The table below sets forth the share repurchase activity of Common Stock by the Company and its affiliates during the fourth quarter of 2025:

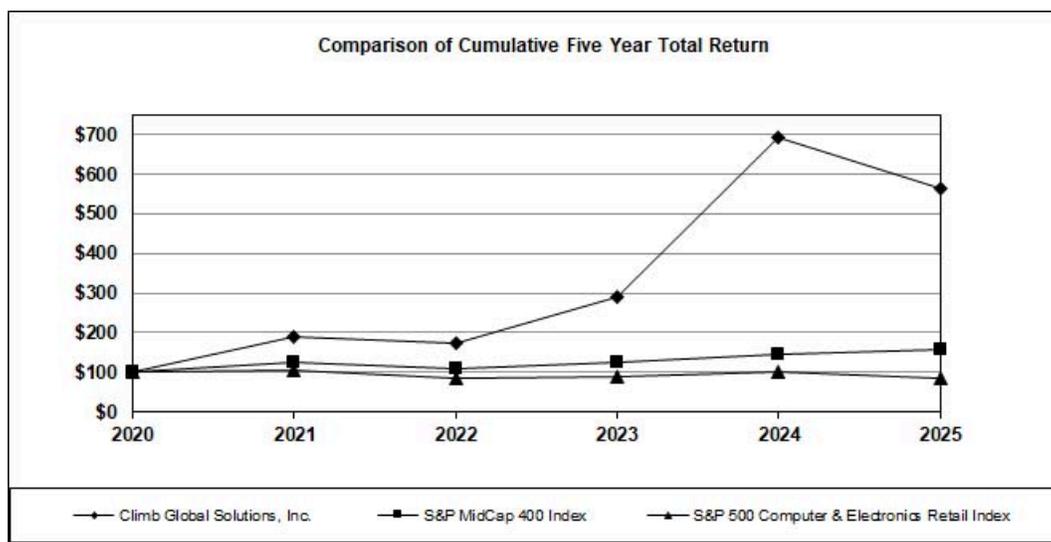
Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Average Price Paid Per Share	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (2)
October 1, 2025 - October 31, 2025	—	\$ —	—	\$ —	545,786
November 1, 2025 - November 30, 2025	—	\$ —	—	\$ —	545,786
December 1, 2025 - December 31, 2025	—	\$ —	—	\$ —	545,786
Total	—	\$ —	—	\$ —	545,786

(1) For the year ended December 31, 2025, we did not repurchase any shares of our Common Stock under our share repurchase plans referred to in footnote (2) below.

(2) On December 3, 2014, the Board of Directors of the Company approved an increase of 500,000 shares of Common Stock to the number of shares of Common Stock available for repurchase under its repurchase plans. On February 2, 2017, the Board of Directors of the Company approved an increase of 500,000 shares of Common Stock to the number of shares of Common Stock available for repurchase under its repurchase plans. The Company expects to purchase shares of its Common Stock from time to time in the market or otherwise subject to market conditions. The Common Stock repurchase program does not have an expiration date.

**Performance Graph**

The following graph shows a five-year comparison of cumulative total shareholder return on the Company’s Common Stock with the cumulative total return of the S&P MidCap 400 Index and the S&P 500 Computer and Electronics Retail Index for the period commencing December 31, 2020 and ending December 31, 2025, assuming \$100 was invested on December 31, 2020 and the reinvestment of dividends. The past performance of our common stock is no indication of future performance.



	Fiscal Years Ended December 31,					
	2020	2021	2022	2023	2024	2025
Climb Global Solutions, Inc.	100.00	188.44	172.81	291.98	693.32	565.69
S&P MidCap 400 Index	100.00	124.73	108.37	126.72	144.80	155.64
S&P 500 Computer & Electronics Retail Index	100.00	104.47	86.19	88.15	102.11	83.94

Item 6. [Reserved]

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following management’s discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the Company’s Consolidated Financial Statements and the Notes thereto. This discussion and analysis contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and uncertainties, including those set forth under the heading “Risk Factors” and elsewhere in this Annual Report.

**Overview**

Our Company is a value added IT distribution and solutions company, primarily selling software and other third-party IT products and services through two reportable operating segments. Through our “Distribution” segment we sell products and services to corporate resellers, VARs, consultants and systems integrators

worldwide, who in turn sell these products to end users. Through our “Solutions” segment we act as a cloud solutions provider and value-added reseller, selling computer software and hardware developed by others and provide technical services directly to end user customers worldwide. We offer an extensive line of products from leading software vendors and tools for virtualization/cloud computing, security, networking, storage and infrastructure management, application lifecycle management and other technically sophisticated domains as well as computer hardware. We market these products through creative marketing communications, including our web sites, local seminars, webinars, social media, direct e-mail, and printed materials.

We have subsidiaries in the United States, Canada, Netherlands, United Kingdom, Ireland, and Germany through which sales are made.

## Factors Influencing Our Financial Results

We derive most of our net sales through the sale of third-party software licenses, maintenance and service agreements. In our Distribution segment, sales are impacted by the number of product lines we distribute, and sales penetration of those products into the reseller channel, product lifecycle competition, and demand characteristics of the products which we are authorized to distribute. In our Solutions segment sales are generally driven by sales force effectiveness and success in providing superior customer service and cloud solutions support, competitive pricing, and flexible payment solutions to our customers. Our sales are also impacted by external factors such as levels of IT spending and customer demand for products we distribute. Our customers evaluate the complex technology landscape in order to balance priorities and focus on products that lead to business optimization, cost management and security risk management, resulting in a more measured approach to their IT spending. We provide security, software and hybrid and cloud offerings to help customers achieve their objectives. Technology trends drive customer purchasing behaviors in the market. Current technology trends are focused on delivering greater flexibility and efficiency, as well as designing and managing IT securely. These trends are driving customer adoption of cloud, AI, software defined architectures and hybrid on-premise and off-premise combinations. Technology trends are likely to evolve as customers prioritize spend that will produce the most important outcomes for their business.

We sell in a competitive environment where gross product margins have historically declined due to competition and changes in product mix towards products where no delivery of a physical product is required. In addition, we grant discounts, allowances, and rebates to certain customers, which may vary from period to period, based on volume, payment terms and other criteria. To date, we have been able to implement cost efficiencies such as the use of drop shipments, EDI and other capabilities to be able to operate our business profitably as gross margins have declined. We evaluate the profitability of our business based on return on equity and effective margin (see discussion below).

Gross profit is calculated as net sales less cost of sales. We record customer rebates, discounts and returns as a component of net sales and record vendor rebates, discounts and returns as a component of cost of sales.

Selling, general and administrative expenses are comprised mainly of employee salaries, commissions and other employee related expenses, facility costs, costs to maintain our IT infrastructure, public company compliance costs and professional fees. We monitor our level of accounts payable, inventory turnover and accounts receivable turnover which are measures of how efficiently we utilize capital in our business.

The Company's sales, gross profit and results of operations have fluctuated and are expected to continue to fluctuate on a quarterly basis as a result of a number of factors, including but not limited to: the condition of the software industry in general, shifts in demand for software products, pricing, industry shipments of new software products or upgrades, fluctuations in merchandise returns, adverse weather conditions that affect response, distribution or shipping, shifts in the timing of holidays and changes in the Company's product offerings. The Company's operating expenditures are based on sales forecasts. If sales do not meet expectations in any given quarter, operating results may be materially adversely affected.

*Dividend Policy and Share Repurchase Program.* Historically we have sought to return value to investors through the payment of quarterly dividends and share repurchases. Total dividends paid and the dollar value of shares repurchased were \$3.0 million and \$2.0 million for the year ended December 31, 2025, respectively, \$3.0 million and \$1.6 million for the year ended December 31, 2024, and \$3.0 million and \$1.7 million for the year ended December 31, 2023, respectively. Following the end of fiscal year 2025, our Board of Directors determined to suspend quarterly cash dividends on our Common Stock beginning with the first quarter of 2026 in order to preserve financial flexibility and prioritize capital allocation objectives. The payment of future dividends and any share repurchases will be at the discretion of our Board of Directors and will depend on our results of operations, financial condition, capital requirements, contractual restrictions and other factors the Board of Directors deems relevant.

*Stock Volatility.* The technology, distribution and services sectors of the United States stock markets is subject to substantial volatility. Numerous conditions which impact these sectors or the stock market in general or the Company in particular, whether or not such events relate to or reflect upon the Company's operating performance, could adversely affect the market price of the Company's Common Stock. Furthermore, fluctuations in the Company's operating results, announcements regarding litigation, the loss of a significant vendor partner or customer, increased competition, reduced vendor incentives and trade credit, higher operating expenses, and other developments, could have a significant impact on the market price of our Common Stock.

*Inflation.* We have historically not been adversely affected by inflation, as abrupt changes in technology, rapid changes in customer preferences, short product life cycles and evolving industry standards within the IT industry have generally caused the prices of the products we sell to decline. This requires us to sell new products and have growth in unit sales of existing products in order to increase our net sales. We believe that most price increases could be passed on to our customers, as prices charged by us are not set by long-term contracts; however, as a result of competitive pressure, there can be no assurance that the full effect of any such price increases could be passed on to our customers or cause a reduction in our customers spending.

## **Financial Overview**

Net sales increased 40%, or \$186.9 million, to \$652.5 million for the year ended December 31, 2025, compared to \$465.6 million for the same period in 2024. Gross profit increased 16%, or \$14.2 million, to \$105.3 million for the year ended December 31, 2025, compared to \$91.1 million for the same period in 2024. Selling, general and administrative (“SG&A”) expenses increased 20%, or \$11.1 million, to \$67.6 million for the year ended December 31, 2025, compared to \$56.5 million for the same period in 2024. Acquisition related costs for the years ended December 31, 2025 and 2024 were \$0.8 million and \$2.3 million, respectively. Amortization and depreciation expense increased \$3.4 million to \$7.7 million for the year ended December 31, 2025 compared to \$4.3 million for the same period in the prior year. Net income increased 15%, or \$2.7 million, to \$21.3 million for the year ended December 31, 2025 compared to \$18.6 million for the same period in 2024. Income per diluted share increased 14%, or \$0.58, to \$4.64 for the year ended December 31, 2025 compared to \$4.06 for the same period in 2024.

Net sales increased 32%, or \$113.6 million, to \$465.6 million for the year ended December 31, 2024, compared to \$352.0 million for the same period in 2023. Gross profit increased 42%, or \$26.9 million, to \$91.1 million for the year ended December 31, 2024, compared to \$64.2 million for the same period in 2023. SG&A expenses increased 27%, or \$12.2 million, to \$56.5 million for the year ended December 31, 2024, compared to \$44.3 million for the same period in 2023. Acquisition related costs for the years ended December 31, 2024 and 2023 were \$2.3 million and \$0.6 million, respectively. Amortization and depreciation expense increased \$1.5 million to \$4.3 million for the year ended December 31, 2024 compared to \$2.8 million for the same period in the prior year. Net income increased 51%, or \$6.3 million, to \$18.6 million for the year ended December 31, 2024 compared to \$12.3 million for the same period in 2023. Income per diluted share increased 49%, or \$1.34, to \$4.06 for the year ended December 31, 2024 compared to \$2.72 for the same period in 2023.

## **Critical Accounting Policies and Estimates**

Management’s discussion and analysis of the Company’s financial condition and results of operations are based upon the Company’s Consolidated Financial Statements that have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, investments, intangible assets, income taxes, stock-based compensation, contingencies and litigation.

The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Company believes the following critical accounting policies and estimates used in the preparation of its Consolidated Financial Statements affect its more significant judgments and estimates.

### *Revenue*

The Company utilizes judgment regarding performance obligations inherent in the products for services it sells including, whether ongoing maintenance obligations performed by third party vendors are distinct from the related software licenses, and allocation of sales prices among distinct performance obligations. These estimates require judgment to determine whether the software’s functionality is dependent on ongoing maintenance or if substantially all functionality is available in the original software download. We also use judgment in the allocation of sales proceeds among performance obligations, utilizing observable data such as stand-alone selling prices, or market pricing for similar products and services.

*Allowances for Expected Credit Losses*

The Company maintains allowances for expected credit losses for estimated losses resulting from the inability of its customers to make required payments. Management determines the estimate of the allowance for expected credit losses by considering a number of factors, including historical experience, aging of the accounts receivable, as well as current market conditions and future forecasts of our customers' ability to make payments for goods and services.

*Business Combinations*

We apply the provisions of ASC 805, Business Combinations ("ASC 805"), in accounting for our acquisitions. ASC 805 requires that we evaluate whether a transaction pertains to an acquisition of assets, or to an acquisition of a business. A business is defined as an integrated set of assets and activities that is capable of being conducted and managed for the purpose of providing a return to investors. Asset acquisitions are accounted for by allocating the cost of the acquisition to the individual assets and liabilities assumed on a relative fair value basis; whereas the acquisition of a business requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at the acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed.

Our valuation of acquired assets and assumed liabilities requires estimates, especially with respect to intangible assets that was derived using valuation techniques and models such as the income approach. Such models require use of estimates including discount rates, and future expected revenue and earnings before interest, tax, depreciation and amortization. The approach to estimating an initial contingent consideration associated with the purchase price also uses similar unobservable factors such as projected cash flows over the term of the contingent earn-out period, discounted for the period over which the initial contingent consideration is measured and expected volatility. Based upon these assumptions, the initial contingent consideration is then valued using a Monte Carlo simulation.

We have used third-party qualified specialists to assist management in determining the fair value of assets acquired and liabilities assumed. This includes assistance with the determination of economic useful lives and valuation of identifiable intangibles.

We estimate the fair value based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from our estimates. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. As a result, during the measurement period, which may be up to one year from the business acquisition date, we record certain adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

All acquisition-related costs are accounted for as expenses in the period in which they are incurred. Contingent consideration is remeasured each reporting period using Level 3 inputs, and the change in fair value, including accretion for the passage of time, is recognized in acquisition related costs in the consolidated statement of earnings.

*Goodwill*

We test goodwill for impairment on an annual basis and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performs an evaluation of goodwill, utilizing either a qualitative or quantitative impairment test. The annual test for impairment is conducted as of October 1. The Company's reporting units included in the assessment of potential goodwill impairment are the same as its operating segments. Goodwill is not amortized but is subject to periodic testing for impairment at the reporting unit level.

In a qualitative assessment, we assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is unnecessary.

[Table of Contents](#)

If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform the quantitative goodwill impairment test. We may also elect the unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test.

In the quantitative impairment test, we compare the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. Conversely, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of significant estimates and assumptions, including net sales growth rates, gross profit margins, operating margins, discount rates and future market conditions, among others. Any changes in the judgments, estimates or assumptions used could produce significantly different results.

*Intangible Assets*

Intangible assets with determinable lives are amortized on a straight-line basis over their respective estimated useful lives, which is determined based on their expected period of benefit. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. In addition, each quarter, the Company evaluates whether events and circumstances warrant a revision to the remaining estimated useful life of each of these intangible assets. If the Company were to determine that a change to the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over that revised remaining useful life.

*Income Taxes*

The Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance related to deferred tax assets. In the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made.

## Foreign Exchange

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase the product. In cases where the Company is not able to create a natural hedge by maintaining offsetting asset and liability amounts in the same currency, it may enter into foreign exchange contracts, typically in the form of forward purchase agreements, to facilitate the hedging of foreign currency exposures to mitigate the impact of changes in foreign currency exchange rates. These contracts generally have terms of no more than two months. The Company does not apply hedge accounting to these contracts and therefore the changes in fair value are recorded in earnings. The Company does not enter into foreign exchange contracts for trading purposes and the risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the Company minimizes by limiting its counterparties to major financial institutions. The Company recognized an unrealized loss of less than \$0.1 million on contracts outstanding as of December 31, 2025, which is included in foreign currency transaction loss in the Consolidated Statement of Earnings.

## Recently Issued Accounting Pronouncements

In September 2025, the FASB issued ASU No. 2025-06, "*Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*". This ASU amends the guidance under ASC 350-40 for internal-use software. The amendments remove referenced to development-stages, clarify when capitalization may begin, and require entities to apply to property, plant and equipment disclosure requirements under ASC 350-10 to capitalize internal-use software costs. The ASU is effective for annual periods beginning after December 15, 2027, and for interim periods within those annual periods. Early adoption of ASU No. 2025-06 is permitted. The Company has performed an initial assessment and currently does not expect the adoption of ASU No. 2025-06 to have a material effect on its financial position, results of operations or cash flows.

In July 2025, the FASB issued ASU No. 2025-05, "*Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets*". The update amends the guidance in ASC 326-20 to introduce a practical expedient when estimating credit losses that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments apply to current accounts receivable and current contract assets arising from transactions under ASC 606 (Revenue from Contracts with Customers). The amendments are applied prospectively and are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those years. Early adoption of ASU No. 2025-05 is permitted. The Company has evaluated the impact of ASU No. 2025-05 on its accounting policies and internal controls related to its credit-customer receivables. The Company has determined that, given (i) the nature of its receivables (primarily receivables from customers on credit terms), (ii) its historical credit-loss experience and collection patterns, and (iii) its allowance methodology, adoption of ASU No. 2025-05 is not expected to have a material effect on the Company's consolidated financial position.

In November 2024, the FASB issued ASU No. 2024-03, "*Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*". This ASU requires entities to disaggregate expense items in the notes to the financial statements and requires disclosure of specified information related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Companies have the option to apply the guidance either on a retrospective or prospective basis, and early adoption is permitted. The Company is currently evaluating the impact of the ASU on its condensed consolidated financial statements and related disclosures. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*. This ASU amends the effective date of ASU No. 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU No. 2024-03 is permitted. The Company is currently evaluating the impact the new accounting standard will have on its expense disclosures in the notes to the consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*". Upon adoption of this ASU, the Company will disclose specific new categories in its income tax rate reconciliation and provide additional information for reconciling items above a quantitative threshold. The Company will also disclose the amount of income taxes paid disaggregated by federal, state, and foreign taxes, and also disaggregated by individual jurisdictions in which income taxes paid were above a threshold. The Company adopted ASU No. 2023-09 on a prospective basis for the fiscal year ending December 31, 2025.

**Results of Operations**

The following table sets forth for the years indicated the percentage of net sales represented by selected items reflected in the Company's Consolidated Statements of Earnings. The year-to-year comparison of financial results is not necessarily indicative of future results:

	Year ended		
	December 31,		
	2025	2024	2023
Net sales	100.0%	100.0%	100.0%
Cost of sales	83.9	80.4	81.7
Gross profit	16.1	19.6	18.3
Selling, general and administrative expenses	10.4	12.1	12.6
Acquisition related costs	0.1	0.5	0.2
Depreciation and amortization expense	1.2	0.9	0.8
Income from operations	4.5	6.0	4.7
Other (expense) income	(0.2)	(0.6)	0.1
Income before income taxes	4.3	5.4	4.8
Income tax provision	1.0	1.4	1.3
Net income	3.3%	4.0%	3.5%

**Key Business Metrics**GAAP and Non-GAAP Financial Measures

Our management monitors several financial and non-financial measures and ratios on a regular basis in order to track the progress of our business. We believe that the most important of these measures and ratios include net sales, gross profit and net income, in each case based on information prepared in accordance with US GAAP, as well as certain non-GAAP financial measures and ratios which include adjusted EBITDA and adjusted EBITDA as a percentage of gross profit, or effective margin. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are correspondingly not normally excluded or included in the most directly comparable measure calculated and presented in accordance with US GAAP. Our use of non-GAAP information as analytical tools has limitations, and you should not consider them in isolation or as substitutes for analysis of our financial results reported under US GAAP, as these measures used by management may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

	Year ended		
	December 31, 2025	December 31, 2024	December 31, 2023
<b>Net income reconciled to adjusted EBITDA (Non-GAAP):</b>			
Net income	\$ 21,330	\$ 18,610	\$ 12,323
Provision for income taxes	6,588	6,408	4,458
Depreciation and amortization	7,728	4,269	2,798
Interest expense	293	335	264
EBITDA	35,939	29,622	19,843
Share-based compensation	4,775	4,070	4,148
Acquisition related costs	807	2,311	629
Change in fair value of acquisition contingent consideration	1,374	3,618	—
Adjusted EBITDA	<u>\$ 42,895</u>	<u>\$ 39,621</u>	<u>\$ 24,620</u>

We define adjusted EBITDA, as net income, plus provision for income taxes, depreciation, amortization, share-based compensation, interest, acquisition related costs and changes in the fair value of contingent considerations. We define effective margin as adjusted EBITDA as a percentage of gross profit. We provided a reconciliation of adjusted EBITDA to net income, which is the most directly comparable US GAAP measure. We use adjusted EBITDA as a supplemental measure of our performance to gain insight into our businesses profitability, operating performance and performance trends, and to provide management and investors a useful measure for period-to-period comparisons by excluding items that management believes are not reflective of our underlying operating performance. Accordingly, we believe that Adjusted EBITDA and effective margin provide useful information to investors and others in understanding and evaluating our operating results. Adjusted EBITDA is also a component to our financial covenants in our credit facility. Our use of adjusted EBITDA has limitations, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under US GAAP. In addition, other companies, including companies in our industry, might calculate adjusted EBITDA, or similarly titled measures differently, which may reduce their usefulness as comparative measures.

#### Key Operational Metrics

We also use a variety of operating and other information to evaluate the operating performance of our business, develop financial forecasts, make strategic decisions, and prepare and approve annual budgets. Gross billings are the total dollar value of customer purchases of goods and services during the period, net of customer returns and credit memos, sales, or other taxes. Gross billings include the transaction values for certain sales transactions that are recognized on a net basis, and, therefore, include amounts that will not be recognized as revenue. We use gross billings and gross profit as a percentage of gross billings, or gross billings margin, as operational metrics to assess the volume of transactions or market share for our business as well as to understand changes in our accounts receivable and accounts payable. We believe gross billings and gross billings margin will aid investors in the same manner.

	Year ended		
	December 31, 2025	December 31, 2024	December 31, 2023
Net sales	\$ 652,517	\$ 465,607	\$ 352,013
Gross profit	\$ 105,270	\$ 91,080	\$ 64,247
Gross profit - Distribution	\$ 91,891	\$ 78,292	\$ 53,363
Gross profit - Solutions	\$ 13,379	\$ 12,788	\$ 10,884
<b>Non-GAAP Financial Measures:</b>			
Adjusted EBITDA (Non-GAAP)	\$ 42,895	\$ 39,621	\$ 24,620
Effective margin % - Adjusted EBITDA (Non-GAAP)	40.7%	43.5%	38.3%
<b>Operational metrics:</b>			
Gross billings	\$ 2,105,168	\$ 1,785,302	\$ 1,260,382
Gross billings - Distribution	\$ 2,014,847	\$ 1,695,538	\$ 1,176,866
Gross billings - Solutions	\$ 90,321	\$ 89,764	\$ 83,516
Gross billings margin % - Gross billings	5.0%	5.1%	5.1%

We consider gross profit growth and effective margin to be key metrics in evaluating our business. During the year ended December 31, 2025, gross profit increased 16%, or \$14.2 million, to \$105.3 million compared to \$91.1 million for the same period in 2024 while effective margin decreased 280 basis points to 40.7% compared to 43.5% for the same period in 2024. During the year ended December 31, 2024, gross profit increased 42%, or \$26.9 million, to \$91.1 million compared to \$64.2 million for the same period in 2023 while effective margin increased 520 basis points to 43.5% compared to 38.3% for the same period in 2023.

## Acquisitions

On July 31, 2024, we completed the acquisition of DSS for an aggregate purchase price of approximately \$20.3 million (subject to certain adjustments) plus a potential post-closing earnout payment. The operating results of DSS are included in our operating results from the date of the acquisition.

On October 6, 2023, we completed the acquisition of Data Solutions for an aggregate purchase of approximately €15.0 million (equivalent to \$15.9 million USD), subject to certain working capital and other adjustments, paid at closing plus a potential post-closing earn-out. The operating results of Data Solutions are included in our operating results from the date of acquisition.

Operating results of DSS and Data Solutions are included in our Distribution segment.

## Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

### Net Sales

Net sales for the year ended December 31, 2025 increased 40%, or \$186.9 million, to \$652.5 million compared to \$465.6 million for the same period in 2024.

Gross billings, an operational metric, for the year ended December 31, 2025 increased 18%, or \$319.9 million, to \$2,105.2 million compared to \$1,785.3 million for the same period in 2024.

Net sales in our Distribution segment for the year ended December 31, 2025 increased 42%, or \$185.5 million, to \$627.4 million compared to \$441.9 million for the same period in the prior year. Gross billings for the Distribution segment for the year ended December 31, 2025 increased 19%, or \$319.3 million, to \$2,014.8 million compared to \$1,695.5 million for the same period in 2024. Net sales and gross billings increased due to organic growth at our existing vendor lines and the full year impact of the DSS acquisition that closed in the third quarter of 2024. Gross billings increased at a lesser rate than net sales due to differences in the product mix between the two periods, which positively impacted our net sales by approximately \$102.3 million, or 16%.

Net sales in our Solutions segment for the year ended December 31, 2025 increased 6%, or \$1.4 million, to \$25.1 million compared to \$23.7 million for the prior year. Gross billings for the Solutions segment for the year ended December 31, 2025 increased 1%, or \$0.5 million, to \$90.3 million compared to \$89.8 million for the same period in 2024. Gross billings increased at a lesser rate than net sales due to differences in the product mix between the two periods, which positively impacted our net sales by approximately \$1.3 million, or 5%.

During the year ended December 31, 2025, we relied on two key customers for a total of 37% of our total net sales. The major customers accounted for 24% and 13%, respectively, of our total net sales during the year ended December 31, 2025. These same customers accounted for 15% and 8%, respectively, of total net accounts receivable as of December 31, 2025.

### Gross Profit

Gross profit for the year ended December 31, 2025 increased 16%, or \$14.2 million, to \$105.3 million compared to \$91.1 million for the same period in 2024.

Distribution segment gross profit for the year ended December 31, 2025 increased 17%, or \$13.6 million, to \$91.9 million compared to \$78.3 million for the same period in 2024. The increase in Distribution segment gross profit resulted primarily from the organic growth at our existing vendor lines and the impact of DSS acquisition, partially offset by higher early pay discounts and other rebates and discounts offered to our customers.

Solutions segment gross profit for the year ended December 31, 2025, increased 5%, or \$0.6 million, to \$13.4 million compared to \$12.8 million for the same period in 2024. This increase was the result of the aforementioned increase in gross billings.

Customer rebates and discounts for the year ended December 31, 2025 were \$22.7 million compared to \$19.7 million for the same period in the prior year. Customer rebates and discounts vary based on terms of rebate and early pay discount programs offered to customers and timing of payments ultimately received from our customers.

Vendor rebates and discounts for the year ended December 31, 2025, were \$17.4 million compared to \$6.1 million for the same period in the prior year. Vendor rebates are dependent on programs offered by our vendors and in some cases reaching certain volume targets set by our vendors or meeting certain early payment programs offered by our vendors. The Company monitors vendor rebate levels, competitive pricing, and gross profit margins carefully. We anticipate that price competition in our market will continue in both of our business segments.

#### **Selling, General and Administrative Expenses**

SG&A expenses for the year ended December 31, 2025, increased 20%, or \$11.1 million, to \$67.6 million, compared to \$56.5 million for the same period in the prior year. The increase was primarily driven by higher payroll and related costs consistent with higher gross profit, as well as the impact of the DSS acquisition. SG&A expenses were 3.2% of gross billings, an operational metric, for the year ended December 31, 2025 and 2024, respectively.

The Company expects that its SG&A expenses, as a percentage of gross billings, an operational metric, may vary depending on changes in sales volume, as well as the levels of continuing investments in key growth initiatives. We plan to continue to expand our investment in information technology to support the growth of our business.

#### **Acquisition Related Costs**

Acquisition related costs for the years ended December 31, 2025 and 2024 were \$0.8 million and \$2.3 million, respectively. These expenses in the current year relate to costs incurred in conjunction with our continued acquisition initiatives, while these expenses in the same period the prior year related to the acquisition of DSS.

#### **Foreign Currency Transaction Loss**

Foreign currency transaction loss for the year ended December 31, 2025 was \$0.7 million compared to a foreign currency transaction loss of \$0.3 million for the same period in the prior year. These expenses primarily relate to the change in the value of accounts payable and other monetary assets and liabilities denominated in currencies other than their functional currency between the date of origination and settlement.

#### **Change in Fair Value of Acquisition Contingent Consideration**

Change in fair value of acquisition contingent consideration for the year ended December 31, 2025 and 2024 were \$1.4 million and \$3.6 million, respectively. The change in fair value adjustments in the current year primarily relate to the earnout associated with the DSS acquisition, while the fair value adjustments in the same period the prior year related to the earnouts associated with the Data Solutions acquisition and the acquisition of Spinnakar Limited in August 2022.

#### **Income Taxes**

For the year ended December 31, 2025, the Company recorded a provision for income taxes of \$6.6 million, or 23.6% of income before taxes, compared to \$6.4 million, or 25.6% of income before taxes for the same period in the prior year. The effective tax rate for the year ended December 31, 2025 as well as the same period in the prior year are impacted by limitations on the deductibility of certain executive compensation amounts during both periods, as well as the Company's effective tax rate for both periods were impacted changes in the mix of jurisdictions in which taxable income was earned.

## **Year Ended December 31, 2024 Compared to Year Ended December 31, 2023**

### **Net Sales**

Net sales for the year ended December 31, 2024 increased 32%, or \$113.6 million, to \$465.6 million compared to \$352.0 million for the same period in 2023.

Gross billings, an operational metric, for the year ended December 31, 2024 increased 42%, or \$524.9 million, to \$1,785.3 million compared to \$1,260.4 million for the same period in 2023.

Net sales in our Distribution segment for the year ended December 31, 2024 increased 36%, or \$116.6 million, to \$441.9 million compared to \$325.3 million for the same period in the prior year. Gross billings for the Distribution segment for the year ended December 31, 2024 increased 44%, or \$518.6 million, to \$1,695.5 million compared to \$1,176.9 million for the same period in 2023. Net sales and gross billings increased due to organic growth at our existing vendor lines as well as the impact of the DSS acquisition in the current year and the full year impact of the Data Solutions acquisition that closed in the fourth quarter of 2023. Gross billings increased at a greater rate than net sales due to differences in the product mix between the two periods as an increasing number of products that we sold are recognized on a net basis as there were increased sales of security, maintenance and cloud-based products.

Net sales in our Solutions segment for the year ended December 31, 2024 decreased 12%, or \$3.1 million, to \$23.7 million compared to \$26.8 million for the prior year. Gross billings for the Solutions segment for the year ended December 31, 2024 increased 8%, or \$6.3 million, to \$89.8 million compared to \$83.5 million for the same period in 2023. Gross billings increased at a greater rate than net sales due to differences in the product mix between the two periods as an increasing number of products that we sold are recognized on a net basis as there were increased sales of security, maintenance and cloud-based products.

During the year ended December 31, 2024, we relied on three key customers for a total of 43% of our total net sales. The major customers accounted for 18%, 14% and 11%, of our total net sales during the year ended December 31, 2024. These same customers accounted for 12%, 6% and 19%, respectively, of total net accounts receivable as of December 31, 2024.

### **Gross Profit**

Gross profit for the year ended December 31, 2024 increased 42%, or \$26.9 million, to \$91.1 million compared to \$64.2 million for the same period in 2023.

Distribution segment gross profit for the year ended December 31, 2024 increased 47%, or \$24.9 million, to \$78.3 million compared to \$53.4 million for the same period in 2023. The increase in Distribution segment gross profit resulted primarily from the organic growth at our existing vendor lines and the impact of DSS and Data Solutions since the dates of the respective acquisitions, partially offset by higher early pay discounts and other rebates and discounts offered to our customers as a percentage of gross billings.

Solutions segment gross profit for the year ended December 31, 2024, increased 18%, or \$1.9 million, to \$12.8 million compared to \$10.9 million for the same period in 2023. This increase was the result of the aforementioned increase in gross billings.

Customer rebates and discounts for the year ended December 31, 2024 were \$19.7 million compared to \$12.8 million for the same period in the prior year. Customer rebates and discounts vary based on terms of rebate and early pay discount programs offered to customers and timing of payments ultimately received from our customers.

Vendor rebates and discounts for the year ended December 31, 2024, were \$6.1 million compared to \$7.9 million for the same period in the prior year. Vendor rebates are dependent on programs offered by our vendors and in some cases reaching certain volume targets set by our vendors or meeting certain early payment programs offered by our vendors. The Company monitors vendor rebate levels, competitive pricing, and gross profit margins carefully. We anticipate that price competition in our market will continue in both of our business segments.

### **Selling, General and Administrative Expenses**

SG&A expenses for the year ended December 31, 2024, increased 27%, or \$12.2 million, to \$56.5 million, compared to \$44.3 million for the same period in the prior year. The increase was primarily driven by higher payroll and related costs consistent with higher gross profit, as well as the impact of the DSS and Data Solutions acquisitions. SG&A expenses were 3.2% of gross billings, an operational metric, for the year ended December 31, 2024, compared to 3.7% for the same period in the prior year.

The Company expects that its SG&A expenses, as a percentage of gross billings, an operational metric, may vary depending on changes in sales volume, as well as the levels of continuing investments in key growth initiatives. We plan to continue to expand our investment in information technology to support the growth of our business.

### **Acquisition Related Costs**

Acquisition related costs for the years ended December 31, 2024 and 2023 were \$2.3 million and \$0.6 million, respectively. These expenses in the current year relate to costs incurred in conjunction with our continued acquisition initiatives including the acquisition of DSS, while these expenses in the same period the prior year related to the acquisition of Data Solutions.

### **Foreign Currency Transaction Loss**

Foreign currency transaction loss for the year ended December 31, 2024 was \$0.3 million compared to a foreign currency transaction loss of \$0.6 million for the same period in the prior year. These expenses primarily relate to the change in the value of accounts payable and other monetary assets and liabilities denominated in currencies other than their functional currency between the date of origination and settlement.

### **Change in Fair Value of Acquisition Contingent Consideration**

Change in fair value of acquisition contingent consideration for the year ended December 31, 2024 was \$3.6 million, primarily relating to fair value adjustments for the earnouts associated with the Spinnakar Limited and Data Solutions acquisitions closed in the prior years. There were no such amounts recognized for the same period in the prior year.

### **Income Taxes**

For the year ended December 31, 2024, the Company recorded a provision for income taxes of \$6.4 million, or 25.6% of income before taxes, compared to \$4.5 million, or 26.6% of income before taxes for the same period in the prior year. The effective tax rate for the year ended December 31, 2024 as well as the same period in the prior year are impacted by limitations on the deductibility of certain executive compensation amounts during both periods, as well as the Company's effective tax rate for both periods were impacted changes in the mix of jurisdictions in which taxable income was earned.

### **Liquidity and Capital Resources**

Our cash and cash equivalents increased by \$6.8 million to \$36.6 million at December 31, 2025 compared to \$29.8 million at December 31, 2024. The increase in cash and cash equivalents was primarily the result of \$16.6 million of cash and cash equivalents provided by operating activities, offset by \$2.0 million of cash used in other investing activities, \$9.1 million of cash used in financing activities and \$1.2 million positive impact of foreign exchange rates on cash and cash equivalents.

Net cash provided by operating activities for the year ended December 31, 2025 was \$16.6 million, comprised of net income adjusted for non-cash items of \$35.8 million offset by changes in operating assets and liabilities of \$19.2 million. Net income adjusted for non-cash items primarily driven by higher net income, higher depreciation expense associated with capitalized ERP system, and higher share-based compensation expense. Changes in operating assets and liabilities primarily related to increase in sales volumes and timing of associated cash collections and payments.

Net cash and cash equivalents used in investing activities during the year ended December 31, 2025 was \$2.0 million of purchases of fixed assets supporting our ERP project.

Net cash and cash equivalents used in financing activities during the year ended December 31, 2025 was \$9.1 million, comprised of payments of contingent considerations of \$3.4 million, dividend payments on our Common Stock of \$3.1 million, purchases of treasury stock of \$2.1 million and repayments of borrowing under term loan of \$0.5 million.

On December 3, 2014, the Board of Directors of the Company approved an increase of 500,000 shares of Common Stock to the number of shares of Common Stock available for repurchase under its repurchase plans. On February 2, 2017, the Board of Directors approved an increase of 500,000 shares of Common Stock to the number of shares of Common Stock available for repurchase under its repurchase plans. The Company is authorized to purchase 545,786 shares of Common Stock as of December 31, 2025. The Common Stock repurchase program does not have an expiration date.

As of December 31, 2025, we held 673,882 shares of our Common Stock in treasury at an average cost of \$22.13 per share. As of December 31, 2024, we held 683,198 shares of our Common Stock in treasury at an average cost of \$19.52 per share. We intend to hold the repurchased shares in treasury for general corporate purposes, including issuances under various stock plans.

On May 18, 2023, the Company entered into a revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPM"), providing for a revolving credit facility of up to \$50.0 million subject to a borrowing base, including the issuance of letters of credit and swingline loans not to exceed \$2.5 million and \$5.0 million, respectively, at any time outstanding. In addition, subject to certain conditions enumerated in the Credit Agreement, the Company has the right to increase the revolving credit facility by a total amount not to exceed \$20.0 million. The proceeds of the revolving loans, letters of credit and swingline loans under the Credit Agreement may be used for working capital needs, general corporate purposes and for acquisitions permitted by the terms of the Credit Agreement. All outstanding loans issued pursuant to the Credit Agreement become due and payable, on May 18, 2028. There were no amounts outstanding under the Credit Agreement as of December 31, 2025 and 2024.

On April 8, 2022, the Company entered into a \$2.1 million term loan (the "Term Loan") with First American Commercial Bancorp, Inc. pursuant to a Master Loan and Security Agreement. The proceeds from the Term Loan will be used to fund certain capital expenditures. The borrowing under the Term Loan bears interest at a rate of 3.73% per annum and is being repaid over forty-eight monthly installments of principal and interest through April 2026. The Company had \$0.2 million and \$0.8 million outstanding under the Term Loan as of December 31, 2025 and 2024, respectively.

In connection with the acquisition of Data Solutions, the Company acquired an invoice discounting facility ("IDF") that was with recourse to the Company. Data Solutions had previously entered into the IDF with AIB Commercial Finance Limited ("AIB") pursuant to a Debt Purchase Agreement. The proceeds from the IDF were used for working capital needs of Data Solutions. Borrowings under the IDF were based on accounts receivable up to 80% of the outstanding accounts receivable balance. The discount rate under the IDF was equal to 2.5% above AIB's applicable lending rates that varied based on the currency of the accounts receivable. At December 31, 2024, the outstanding balance under the IDF at was zero, as the Company terminated the IDF during the period.

We anticipate that our working capital needs will increase as we invest in the growth of our business. We believe that the funds held in cash and cash equivalents and our unused borrowings under our Credit Agreement will be sufficient to fund our working capital and cash requirements for at least the next 12 months. Our uses of cash beyond the next 12 months will depend on many factors, including the general economic environment in which we operate and our ability to generate cash flow from operations, which we are uncertain but include funding our operations and additional capital expenditures. We continuously evaluate our liquidity and capital resources, including access to external capital, to ensure we can finance our longer-term capital requirements.

### **Foreign Exchange**

The Company's foreign business is subject to changes in demand or pricing resulting from fluctuations in currency exchange rates or other factors. We are subject to fluctuations primarily in the Canadian Dollar, Euro and British Pound-to-U.S. Dollar exchange rate.

### **Off-Balance Sheet Arrangements**

As of December 31, 2025, we did not have any off-balance sheet arrangements.

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

### **Interest Rate Risk**

Our market risks relate primarily to changes in interest rates. The interest rates on borrowings under our senior unsecured revolving loan facility and our senior unsecured term loan facility are floating and, therefore, are subject to fluctuations. We manage our exposure to interest rate risk through the proportion of fixed-rate debt and variable-rate debt in our debt portfolio. For additional information on our financial instruments and debt, see Note 13 (Fair Value Measurements), to the accompanying Consolidated Financial Statements in Part II Item 8 of this report.

Based on our floating rate debt outstanding at December 31, 2025 and 2024, a 100 basis point change would have no material impact on our results.

### **Foreign Currency Risk**

We transact business in foreign currencies other than the US Dollar, primarily the British Pound, Euro and the Canadian Dollar, which exposes us to foreign currency exchange rate fluctuations. Revenue and expenses generated from our international operations are generally denominated in the local currencies of the corresponding countries. In addition, we are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

From time to time, we use foreign exchange forward contracts to hedge a portion of our exposures to changes in currency exchange rates, which result from our global operating activities. We do not use derivative financial instruments for trading or speculative purposes. A hypothetical 10% change in currency exchange rates would not have a material impact on our consolidated financial statements.

## **Item 8. Financial Statements and Supplementary Data**

See Index to Consolidated Financial Statements at Item 15(a).

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

## **Item 9A. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures.* As required by Rule 13a-15(b) under the Exchange Act, our management carried out an evaluation of the effectiveness of the design and operation of the Company's "disclosure controls and procedures", as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report. This evaluation was carried out under the supervision and with the participation of various members of our management, including our Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial and accounting officer). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this Annual Report, to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

*Management Report on Internal Control Over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by the Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Internal control over financial reporting includes maintaining records in reasonable detail that accurately and fairly reflect our transactions and disposition of assets; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with US GAAP; providing reasonable assurance that receipts and expenditures of the Company, are made in accordance with authorizations of management and directors of the Company; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that, owing to changes in conditions, controls may become inadequate, or that the degree of compliance with policies or procedures may deteriorate.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's internal control over financial reporting was effective as of December 31, 2025.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2025, as stated in their report, which is included herein.

*Changes in Internal Control over Financial Reporting.* As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated our internal control over financial reporting to determine whether any changes to our internal control over financial reporting occurred during the fourth quarter of the year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, no such changes to our internal control over financial reporting occurred during the fourth quarter of the year ended December 31, 2025.

## **Item 9B. Other Information**

During the three months ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required hereunder, with the exception of the information relating to the Company's Code of Ethics and Business Conduct that is presented in Part I under the heading "Available Information," is incorporated by reference herein from our Definitive Proxy Statement for the 2026 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A within 120 days of the end of the fiscal year to which this Annual Report relates (the "Definitive Proxy Statement").

**Item 11. Executive Compensation**

The information required hereunder is incorporated by reference herein from the Definitive Proxy Statement.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required hereunder is incorporated by reference herein from the Definitive Proxy Statement.

**Item 13. Certain Relationships and Related Party Transactions, and Director Independence**

The information required hereunder is incorporated by reference herein from the Definitive Proxy Statement.

**Item 14. Principal Accounting Fees and Services**

The information required hereunder is incorporated by reference herein from the Definitive Proxy Statement.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules**

(a) The following documents are filed as part of this Annual Report:

1. **Consolidated Financial Statements** (See Index to Consolidated Financial Statements on page F-1 of this Annual Report);
2. **Financial Statement Schedule:**

Schedule II Valuation and Qualifying Accounts

All other schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits Required by Regulation S-K, Item 601:

Exhibit No.	Description of Exhibit	Form	Incorporated by Reference		
			Exhibit or Annex	Filing Date	File Number
2.1+	<a href="#">Share Purchase Agreement, dated August 18, 2022, by and among the seller listed therein, and Wayside Technology UK Holding Limited.</a>	8-K	2.1	August 18, 2022	000-26408
2.2+	<a href="#">Share Purchase Agreement, dated October 6, 2023, by and among the sellers listed therein, Climb Global Solutions Holdings UK Limited, and the Company, as guarantor.</a>	8-K	2.1	October 10, 2023	000-26408
2.3+	<a href="#">Membership Purchase Agreement, dated July 31, 2024, by and among Climb Global Solutions DSS, LLC, The Douglas Stewart Company, Inc., Robert Bernier and Chuck Hulan.</a>	8-K	2.1	August 6, 2024	000-26408
2.4+	<a href="#">Share Purchase Agreement, dated February 24, 2026, by and among Climb Global Solutions, Inc., Infiterra Holding Limited, Vassilios Zografos and Apostolos Karakaxas.</a>	8-K	2.1	February 24, 2026	000-26408
3.1	<a href="#">Form of Amended and Restated Certificate of Incorporation of the Company.</a>	10-K	3.1	March 11, 2025	000-26408
3.1(a)	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Company.</a>	10-Q	3.1(a)	November 3, 2006	000-26408
3.1(b)	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of the Company.</a>	8-K	3.1	October 27, 2022	000-26408
3.2	<a href="#">Amended and Restated Bylaws of the Company.</a>	8-K	3.1	December 8, 2022	000-26408
4.1	Specimen of Common Stock Certificate.	S-1	4.1	May 30, 1995 July 7, 1995 July 18, 1995	333-92810
4.3	<a href="#">Description of Securities.</a>	10-K	4.3	March 5, 2024	000-26408
10.1	<a href="#">Credit Agreement, dated May 18, 2023, by and among the Company, Programmer's Paradise, Inc., Climb Channel Solutions, Inc., Techxtend, Inc., ISP International Software Partners, Inc., Interwork Technologies Inc., Climb Global Solutions Holdings UK LTD, Climb Global Solutions LTD, the other Loan Parties party thereto, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.</a>	8-K	10.1	May 23, 2023	000-26408
10.2	<a href="#">Pledge and Security Agreement, dated May 18, 2023, by and among Climb Global Solutions, Inc., Programmer's Paradise, Inc., Climb Channel Solutions, Inc., Techxtend, Inc., ISP International Software Partners, Inc., Interwork Technologies Inc. and JPMorgan Chase Bank, N.A., as Administrative Agent.</a>	8-K	10.2	May 23, 2023	000-26408

Exhibit No.	Description of Exhibit	Form	Incorporated by Reference		
			Exhibit or Annex	Filing Date	File Number
10.3#	<a href="#">Form of Officer and Director Indemnification Agreement.</a>	10-Q	10.1	May 5, 2017	000-26408
10.4#	<a href="#">2021 Omnibus Incentive Plan.</a>	DEF14A	A	April 16, 2021	000-26408
10.5#	<a href="#">Climb Global Solutions, Inc., Executive Severance and Change in Control Plan.</a>	8-K	10.1	April 20, 2023	000-26408
10.6#	<a href="#">Form of Performance-Based Restricted Award Unit Agreement.</a>	8-K	10.2	April 20, 2023	000-26408
10.7#	<a href="#">Form of Restricted Stock Unit Agreement.</a>	8-K	10.3	April 20, 2023	000-26408
10.8#	<a href="#">Form of Cash-Based Award Agreement.</a>	8-K	10.4	April 20, 2023	000-26408
10.9*	<a href="#">Office Lease Agreement, dated March 4, 2016, by and among Climb Global Solutions, Inc. and The Donato Group, relating to the Company's corporate headquarters located Eatontown, NJ.</a>				
10.10*	<a href="#">Office Lease Agreement, dated September 30, 2024, by and among Climb Global Solutions, Inc. and St. John Properties, Inc., relating to an office facility located in Millersville, MD.</a>				
10.11*	<a href="#">Office Lease Agreement, dated July 3, 2025, by and among Climb Global Solutions Limited and Rangeley &amp; Company Limited, relating to an office facility located in Ashburton, United Kingdom.</a>				
16.1	<a href="#">Letter from BDO USA, P.C. dated March 7, 2024.</a>	8-K	16.1	March 11, 2024	000-26408
19.1*	<a href="#">Climb Global Solutions, Inc. Insider Trading Policy.</a>				
21.1*	<a href="#">Subsidiaries of the Registrant.</a>				
23.1*	<a href="#">Consent of BDO USA, P.C., an Independent Registered Public Accounting Firm.</a>				
23.2*	<a href="#">Consent of Deloitte &amp; Touche LLP, an Independent Registered Public Accounting Firm.</a>				
31.1*	<a href="#">Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, of Dale Foster, the Chief Executive Officer of the Company.</a>				
31.2*	<a href="#">Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, of Matthew Sullivan, the Chief Financial Officer of the Company.</a>				
32.1**	<a href="#">Certification pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Dale Foster, the Chief Executive Officer of the Company.</a>				
32.2**	<a href="#">Certification pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Matthew Sullivan, the Chief Financial Officer of the Company.</a>				
97.1	<a href="#">Clawback Policy For Incentive-Based Compensation.</a>	10-K	97.1	March 5, 2024	000-26408

<b>Incorporated by Reference</b>					
<b>Exhibit No.</b>	<b>Description of Exhibit</b>	<b>Form</b>	<b>Exhibit or Annex</b>	<b>Filing Date</b>	<b>File Number</b>
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).				
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.				
101.DEF*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

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\* Filed herewith.

\*\* Furnished herewith.

# Indicates management or compensatory plan or arrangement

+ Certain exhibits or schedules to this Exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

**Item 16. Form 10-K Summary**

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, in Eatontown, New Jersey, on February 27, 2026.

CLIMB GLOBAL SOLUTIONS, INC.

By: /s/ Dale Foster  
Dale Foster, Chief Executive Officer

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Dale Foster</u> Dale Foster	Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2026
<u>/s/ Matthew Sullivan</u> Matthew Sullivan	Chief Financial Officer (Principal Financial and Accounting Officer)	February 27, 2026
<u>/s/ John McCarthy</u> John McCarthy	Chairman of the Board of Directors	February 27, 2026
<u>/s/ Andrew Bryant</u> Andrew Bryant	Director	February 27, 2026
<u>/s/ Gerri Gold</u> Gerri Gold	Director	February 27, 2026
<u>/s/ Paul Giovacchini</u> Paul Giovacchini	Director	February 27, 2026

**Items 8 and 15(a)**

**Climb Global Solutions, Inc. and Subsidiaries**

**Index to Consolidated Financial Statements and Schedule**

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm</a> (Deloitte & Touche LLP; New York, New York; PCAOB ID#34)	<a href="#">F-2</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a> (BDO USA, P.C.; Woodbridge, New Jersey; PCAOB ID#243)	<a href="#">F-4</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2025 and 2024</a>	<a href="#">F-5</a>
<a href="#">Consolidated Statements of Earnings for the years ended December 31, 2025, 2024 and 2023</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2025, 2024 and 2023</a>	<a href="#">F-7</a>
<a href="#">Consolidated Statements of Stockholders' Equity for the years ended December 31, 2025, 2024 and 2023</a>	<a href="#">F-8</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023</a>	<a href="#">F-9</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">F-10</a>
<a href="#">Schedule II — Valuation and Qualifying Accounts</a>	<a href="#">F-30</a>

## **Report of Independent Registered Public Accounting Firm**

To the stockholders and the Board of Directors of Climb Global Solutions, Inc.

### **Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of Climb Global Solutions, Inc. and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 27, 2026, expressed an unqualified opinion on those financial statements.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP  
New York, New York

February 27, 2026

## Report of Independent Registered Public Accounting Firm

To the stockholders and the Board of Directors of Climb Global Solutions, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Climb Global Solutions, Inc. and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2025, and the related notes and the schedule listed in the Index at Item 15 (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, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. 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.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Revenue Recognition – Determination of Principal versus Agent of Software Products– Refer to Note 2 to the financial statements***

##### *Critical Audit Matter Description*

The Company has contracts with certain customers where the Company's performance obligation is to arrange for the products or services to be provided by another party. Control of software products is deemed to have passed to the customer when they acquire the right to use or copy the software under license as substantially all product functionality is available to the customer at the time of sale. In these arrangements, as the Company assumes an agency relationship in the transaction, revenue is recognized in the amount of the net fee associated with serving as an agent. These arrangements primarily relate to third party maintenance, cloud services and certain security software whose intended functionality is dependent on third party maintenance.

Given the judgment involved in evaluating the determination of principal versus agent revenue recognition of software products, including evaluation of whether the Company maintained control of the software product, auditing such transactions required a high degree of auditor judgement and an increased level of effort.

##### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to management's conclusion related to the recognition- determination of principal versus agent of software products included the following, among others:

- We tested the effectiveness of management's controls over the determination of principal versus agent consideration for revenue recognition.
- We evaluated the Company's revenue recognition policy for arrangements with principal versus agent considerations.
- We obtained and evaluated a sample of contracts with customers for consistency of application of the Company's accounting policy of the principal versus agent revenue recognition.
- We tested the mathematical accuracy of management's calculation of the revenue adjustments recognized in the financial statements as a result of the principal versus agent relationships.

/s/ Deloitte & Touche LLP  
New York, New York

February 27, 2026

We have served as the Company's auditor since 2024.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders  
Climb Global Solutions, Inc.  
Eatontown, New Jersey

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"), of Climb Global Solutions, Inc. (the "Company"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO USA, P.C.

We served as the Company's auditor from 2018 through 2024.

Woodbridge, New Jersey

March 5, 2024

Climb Global Solutions, Inc. and Subsidiaries  
Consolidated Balance Sheets  
(Amounts in thousands, except share and per share amounts)

	December 31, 2025	December 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 36,563	\$ 29,778
Accounts receivable, net of allowance for expected credit losses of \$669 and \$588, respectively	324,345	341,597
Inventory, net	2,502	2,447
Prepaid expenses and other current assets	10,825	6,874
Total current assets	<u>374,235</u>	<u>380,696</u>
Equipment and leasehold improvements, net	13,339	12,853
Goodwill	36,838	34,924
Other intangibles, net	32,228	36,550
Right-of-use assets, net	1,717	1,965
Accounts receivable, net of current portion	1,233	1,174
Other assets	510	824
Deferred income tax assets	133	193
Total assets	<u>\$ 460,233</u>	<u>\$ 469,179</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 336,505	\$ 370,397
Lease liability, current portion	791	654
Term loan, current portion	191	560
Total current liabilities	<u>337,487</u>	<u>371,611</u>
Lease liability, net of current portion	1,216	1,685
Deferred income tax liabilities	4,923	4,723
Term loan, net of current portion	—	191
Non-current liabilities	28	381
Total liabilities	<u>343,654</u>	<u>378,591</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value; 10,000,000 shares authorized; 5,284,500 shares issued: 4,610,618 and 4,601,302 shares outstanding, respectively	53	53
Additional paid-in capital	42,338	37,977
Treasury stock, at cost, 673,882 and 683,198 shares, respectively	(14,909)	(13,337)
Retained earnings	87,039	68,787
Accumulated other comprehensive loss	2,058	(2,892)
Total stockholders' equity	<u>116,579</u>	<u>90,588</u>
Total liabilities and stockholders' equity	<u>\$ 460,233</u>	<u>\$ 469,179</u>

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

Climb Global Solutions, Inc. and Subsidiaries  
Consolidated Statements of Earnings  
(Amounts in thousands, except per share amounts)

	Year ended December 31,		
	2025	2024	2023
Net sales	\$ 652,517	\$ 465,607	\$ 352,013
Cost of sales	547,247	374,527	287,766
Gross profit	105,270	91,080	64,247
Selling, general, and administrative expenses	67,550	56,508	44,330
Acquisition related costs	807	2,311	629
Depreciation and amortization expense	7,728	4,269	2,798
Income from operations	29,185	27,992	16,490
Other income:			
Interest, net	844	917	927
Foreign currency transaction loss	(737)	(273)	(636)
Change in fair value of acquisition contingent consideration	(1,374)	(3,618)	—
Income before provision for income taxes	27,918	25,018	16,781
Provision for income taxes	6,588	6,408	4,458
Net income	<u>\$ 21,330</u>	<u>\$ 18,610</u>	<u>\$ 12,323</u>
Income per common share-Basic	<u>\$ 4.64</u>	<u>\$ 4.06</u>	<u>\$ 2.72</u>
Income per common share-Diluted	<u>\$ 4.64</u>	<u>\$ 4.06</u>	<u>\$ 2.72</u>
Weighted average common shares outstanding — Basic	<u>4,524</u>	<u>4,465</u>	<u>4,401</u>
Weighted average common shares outstanding — Diluted	<u>4,524</u>	<u>4,465</u>	<u>4,401</u>

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

Climb Global Solutions, Inc. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
(Amounts in thousands)

	Year ended December 31,		
	2025	2024	2023
Net income	\$ 21,330	\$ 18,610	\$ 12,323
Other comprehensive income (loss):			
Foreign currency translation adjustments	4,950	(2,370)	2,346
Other comprehensive income (loss):	4,950	(2,370)	2,346
Comprehensive income	<u>\$ 26,280</u>	<u>\$ 16,240</u>	<u>\$ 14,669</u>

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

Climb Global Solutions, Inc. and Subsidiaries  
Consolidated Statements of Stockholders' Equity  
(Amounts in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Treasury		Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount		Shares	Amount			
<b>Balance at January 1, 2023</b>	5,284,500	53	32,715	806,068	(13,230)	43,904	(2,868)	60,574
Net income	—	—	—	—	—	12,323	—	12,323
Translation adjustment	—	—	—	—	—	—	2,346	2,346
Dividends paid (per common share \$0.68)	—	—	—	—	—	(3,012)	—	(3,012)
Share-based compensation expense	—	—	4,246	—	—	—	—	4,246
Restricted stock grants (net of forfeitures)	—	—	(2,314)	(132,526)	2,314	—	—	—
Treasury shares repurchased	—	—	—	37,510	(1,707)	—	—	(1,707)
<b>Balance at December 31, 2023</b>	5,284,500	53	34,647	711,052	(12,623)	53,215	(522)	74,770
Net income	—	—	—	—	—	18,610	—	18,610
Translation adjustment	—	—	—	—	—	—	(2,370)	(2,370)
Dividends paid (per common share \$0.68)	—	—	—	—	—	(3,038)	—	(3,038)
Share-based compensation expense	—	—	4,201	—	—	—	—	4,201
Restricted stock grants (net of forfeitures)	—	—	(871)	(49,813)	871	—	—	—
Treasury shares repurchased	—	—	—	21,959	(1,585)	—	—	(1,585)
<b>Balance at December 31, 2024</b>	5,284,500	53	37,977	683,198	(13,337)	68,787	(2,892)	90,588
Net income	—	—	—	—	—	21,330	—	21,330
Translation adjustment	—	—	—	—	—	—	4,950	4,950
Dividends paid (per common share \$0.68)	—	—	—	—	—	(3,078)	—	(3,078)
Share-based compensation expense	—	—	4,838	—	—	—	—	4,838
Restricted stock grants (net of forfeitures)	—	—	(477)	(27,360)	477	—	—	—
Treasury shares repurchased	—	—	—	18,044	(2,049)	—	—	(2,049)
<b>Balance at December 31, 2025</b>	5,284,500	\$ 53	\$ 42,338	673,882	\$ (14,909)	\$ 87,039	\$ 2,058	\$ 116,579

The accompanying notes are an integral part of the consolidated financial statements

Climb Global Solutions, Inc. and Subsidiaries  
Consolidated Statements of Cash Flows  
(Amounts in thousands)

	Year ended December 31,		
	2025	2024	2023
<b>Cash flows from operating activities</b>			
Net income	\$ 21,330	\$ 18,610	\$ 12,323
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:			
Depreciation and amortization expense	7,728	4,269	2,798
Provision for expected credit losses	110	126	54
Deferred income tax benefit	(105)	(500)	(383)
Share-based compensation expense	4,775	4,070	4,148
Gain on disposal of fixed assets	(5)		
Amortization of discount on accounts receivable	(67)	(34)	(50)
Amortization of right-of-use assets	611	439	366
Change in fair value of contingent earn-out consideration	1,374	3,618	—
Changes in operating assets and liabilities:			
Accounts receivable	25,637	(123,965)	(29,621)
Inventory	114	1,200	3,601
Prepaid expenses and other current assets	(3,905)	(428)	(2,446)
Vendor prepayments	—	—	890
Accounts payable and accrued expenses	(40,224)	126,855	49,674
Lease liability, net	(697)	(415)	(495)
Other assets and liabilities	(73)	(102)	1,264
Net cash and cash equivalents provided by operating activities	<u>16,604</u>	<u>33,743</u>	<u>42,123</u>
<b>Cash flows from investing activities</b>			
Purchase of equipment and leasehold improvements	(1,995)	(5,470)	(4,989)
Payment for acquisitions, net of cash acquired	—	(20,958)	(12,678)
Net cash and cash equivalents used in investing activities	<u>(1,995)</u>	<u>(26,428)</u>	<u>(17,667)</u>
<b>Cash flows from financing activities</b>			
Purchase of treasury stock	(2,050)	(1,585)	(1,707)
Borrowings under credit facilities	—	—	10,000
Repayments of borrowings under credit facilities	—	(4,243)	(13,074)
Repayments of borrowings under term loan	(560)	(540)	(520)
Dividends paid	(3,078)	(3,038)	(3,012)
Contingent consideration	(3,374)	(3,555)	—
Payments of deferred financing costs	—	—	(637)
Net cash and cash equivalents used in financing activities	<u>(9,062)</u>	<u>(12,961)</u>	<u>(8,950)</u>
Effect of foreign exchange rate on cash and cash equivalents	<u>1,238</u>	<u>(871)</u>	<u>544</u>
Net (decrease) increase in cash and cash equivalents	6,785	(6,517)	16,050
Cash and cash equivalents at beginning of period	29,778	36,295	20,245
Cash and cash equivalents at end of period	<u>\$ 36,563</u>	<u>\$ 29,778</u>	<u>\$ 36,295</u>
<b>Supplementary disclosure of cash flow information:</b>			
Income taxes paid	\$ 9,939	\$ 4,070	\$ 5,434
Interest paid	\$ 142	\$ 212	\$ 180
<b>Supplementary disclosure of non-cash investing and financing activities:</b>			
Contingent earn-out	\$ —	\$ 1,725	\$ 2,227

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

Climb Global Solutions, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
(Amounts in tables in thousands, except share and per share amounts)

**Note 1. Description of Business**

Climb Global Solutions, Inc. (together with its subsidiaries, the “Company”), was incorporated in Delaware in 1982. The Company distributes technology products developed by others to resellers who in turn sell to end customers worldwide. The Company also is a cloud solutions provider and value-added reseller of software, hardware and services to customers worldwide. The Company also operates in Canada, the United Kingdom and other countries within Europe. The Company offers an extensive line of products from leading software vendors and tools for virtualization/cloud computing, security, networking, storage and infrastructure management, application lifecycle management and other technically sophisticated domains as well as computer hardware.

The Company is organized into two reportable operating segments. The “Distribution” segment distributes technical software to corporate resellers, value added resellers (“VARs”), consultants and systems integrators worldwide under the name “Climb Channel Solutions”. The “Solutions” segment is a cloud solutions provider and value-added reseller of software, hardware and services to customers worldwide under the name “Grey Matter”.

**Note 2. Summary of Significant Accounting Policies**

**Principles of Consolidation and Operations**

The consolidated financial statements include the accounts of Climb Global Solutions, Inc. and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

**Business Combinations**

We apply the provisions of ASC 805, Business Combinations (“ASC 805”), in accounting for our acquisitions. ASC 805 requires that we evaluate whether a transaction pertains to an acquisition of assets, or to an acquisition of a business. A business is defined as an integrated set of assets and activities that is capable of being conducted and managed for the purpose of providing a return to investors. Asset acquisitions are accounted for by allocating the cost of the acquisition to the individual assets and liabilities assumed on a relative fair value basis; whereas the acquisition of a business requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at the acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed.

Our valuation of acquired assets and assumed liabilities requires estimates, especially with respect to intangible assets that was derived using valuation techniques and models such as the income approach. Such models require use of estimates including discount rates, and future expected revenue and earnings before interest, tax, depreciation and amortization. The approach to estimating an initial contingent consideration associated with the purchase price also uses similar unobservable factors such as projected cash flows over the term of the contingent earn-out period, discounted for the period over which the initial contingent consideration is measured and expected volatility. Based upon these assumptions, the initial contingent consideration is then valued using a Monte Carlo simulation.

We have used third-party qualified specialists to assist management in determining the fair value of assets acquired and liabilities assumed. This includes assistance with the determination of economic useful lives and valuation of identifiable intangibles.

We estimate the fair value based upon assumptions we believe to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from our estimates. Estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed. As a result, during the measurement period, which may be up to one year from the business acquisition date, we record certain adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill.

[Table of Contents](#)

All acquisition-related costs are accounted for as expenses in the period in which they are incurred. Contingent consideration is remeasured each reporting period using Level 3 inputs, and the change in fair value, including accretion for the passage of time, is recognized in acquisition related costs in the consolidated statement of earnings.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make extensive use of certain estimates and assumptions which 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 periods. The significant areas of estimation include but are not limited to accounting for allowance for expected credit losses, sales returns, allocation of revenue in multiple deliverable arrangements, principal vs. agent considerations, income taxes, depreciation, amortization of intangible assets, contingencies and stock-based compensation. Actual results could differ from those estimates.

**Net Income Per Common Share**

Our basic and diluted earnings per share are computed using the two-class method. The two-class method is an earnings allocation method that determines net income per share for each class of common stock and participating securities according to their participation rights in dividends and undistributed earnings or losses. Non-vested restricted stock awards that include non-forfeitable rights to dividends are considered participating securities. Per share amounts are computed by dividing net income available to common shareholders by the weighted average shares outstanding during each period. Diluted and basic earnings per share are the same because the restricted shares are the only potentially dilutive security.

A reconciliation of the numerators and denominators of the basic and diluted per share computations follows:

	Year ended		
	December 31,		
	2025	2024	2023
Numerator:			
Net income	\$ 21,330	\$ 18,610	\$ 12,323
Less distributed and undistributed income allocated to participating securities	329	462	323
Net income attributable to common shareholders	21,001	18,148	12,000
Denominator:			
Weighted average common shares (Basic)	4,524	4,465	4,401
Weighted average common shares including assumed conversions (Diluted)	4,524	4,465	4,401
Basic net income per share	\$ 4.64	\$ 4.06	\$ 2.72
Diluted net income per share	\$ 4.64	\$ 4.06	\$ 2.72

**Cash Equivalents**

The Company considers all liquid short-term investments with maturities of 90 days or less when purchased to be cash equivalents.

### **Accounts Receivable**

Accounts receivable principally represents amounts collectible from our customers. The Company performs ongoing credit evaluations of its customers but generally does not require collateral to support any outstanding obligation. From time to time, we sell accounts receivable to a financial institution on a non-recourse basis for cash, less a discount. The Company has no significant retained interests or servicing liabilities related to the accounts receivable sold. Proceeds from the sale of receivables approximated their discounted book value and were included in operating cash flows on the Consolidated Statements of Cash Flows.

### **Allowances for Expected Credit Losses**

The Company maintains allowances for expected credit losses for estimated losses resulting from the inability of its customers to make required payments. Management determines the estimate of the allowance for expected credit losses by considering a number of factors, including historical experience, aging of the accounts receivable, as well as current market conditions and future forecasts of our customers' ability to make payments for goods and services.

### **Deferred Financing Costs**

Deferred financing costs, such as financial advisory and other professional fees are capitalized and recognized in interest, net over the life of the related debt instrument using the straight-line method. Deferred financing costs associated with the Company's revolving credit facility are presented as an asset, within other assets on the Consolidated Balance Sheets.

### **Foreign Currency Translation**

Assets and liabilities of the Company's foreign subsidiaries have been translated using the end of the reporting period exchange rates, and related revenues and expenses have been translated at average rates of exchange in effect during the period. Cumulative translation adjustments have been classified within accumulated other comprehensive income (loss), which is a separate component of stockholders' equity in accordance FASB ASC Topic No. 220, "Comprehensive Income". Foreign currency transaction gains and losses are recorded as income or expenses as amounts are settled.

For foreign currency remeasurement from each local currency into the appropriate functional currency, monetary assets and liabilities are remeasured to functional currencies using current exchange rates in effect at the balance sheet date. Gains or losses from these remeasurements have been included in the Company's Consolidated Statements of Earnings. Non-monetary assets and liabilities are recorded at historical exchange rates.

### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations in credit risk consist of cash and cash equivalents and accounts receivable.

The Company's cash and cash equivalents, at times, may exceed federally insured limits. The Company's cash and cash equivalents are deposited primarily in banking institutions with global operations. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable include amounts due from customers. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of its receivable portfolio and identified customer risks.

### **Financial Instruments**

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable and accounts payable approximated fair value as of December 31, 2025 and 2024, because of the relative short maturity of these instruments. The Company's accounts receivable-long-term is discounted to its present value at prevailing market rates at the time of sale which, approximates fair value as of December 31, 2025 and 2024.

## **Inventory**

Inventory, consisting primarily of finished products held for resale, is valued based on the first-in-first-out method of accounting and is stated at the lower of cost or net realizable value.

## **Equipment and Leasehold Improvements**

Equipment and leasehold improvements are stated at cost or fair value, if purchased as part of a business combination. Equipment depreciation is calculated using the straight-line method over three to five years. Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the assets or the related lease terms, whichever is shorter.

## **Software Development Costs**

The Company capitalizes certain internal and external costs incurred to acquire or create internal-use software. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software. At December 31, 2025 and 2024, the Company had unamortized software development costs of \$11.8 million, respectively, which are included in "Equipment and leasehold improvements" in the Company's Consolidated Balance Sheets, all of which relate to an internal-use software project.

## **Goodwill**

We test goodwill for impairment on an annual basis and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company performs an evaluation of goodwill, utilizing either a qualitative or quantitative impairment test. The annual test for impairment is conducted as of October 1. The Company's reporting units included in the assessment of potential goodwill impairment are the same as its operating segments. Goodwill is not amortized but is subject to periodic testing for impairment at the reporting unit level.

In a qualitative assessment, we assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. If, after assessing the totality of events or circumstances, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then the quantitative goodwill impairment test is unnecessary.

If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform the quantitative goodwill impairment test. We may also elect the unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test.

In the quantitative impairment test, we compare the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. Conversely, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Determining the fair value of a reporting unit is judgmental in nature and requires the use of estimates and assumptions, including net sales growth rates, gross profit margins, operating margins, discount rates and future market conditions, among others. Any changes in the judgments, estimates or assumptions used could produce different results.

## **Intangible Assets**

Intangible assets with determinable lives are amortized on a straight-line basis over their respective estimated useful lives, which is determined based on their expected period of benefit. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. In addition, each quarter, the Company evaluates whether events and circumstances warrant a revision to the remaining estimated useful life of each of these intangible assets. If the Company were to determine that a change to the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over that revised remaining useful life.

## **Comprehensive Income**

Comprehensive income consists of net income for the year and the impact of unrealized foreign currency translation adjustments. The foreign currency translation adjustments are not currently adjusted for income taxes as they relate to permanent investments in international subsidiaries.

## **Revenue Recognition**

The Company's revenues primarily result from the sale of various technology products and services, including third-party products, third-party software and third-party maintenance, software support and services. The Company recognizes revenue when control of the third-party products and third-party software is transferred to customers, which generally happens at the point of shipment or fulfillment and at the point that our customers and vendors accept the terms and conditions of the arrangement for third-party maintenance, software support and services.

The Company has contracts with certain customers where the Company's performance obligation is to arrange for the products or services to be provided by another party. In these arrangements, as the Company assumes an agency relationship in the transaction, revenue is recognized in the amount of the net fee associated with serving as an agent. These arrangements primarily relate to third party maintenance, cloud services and certain security software whose intended functionality is dependent on third party maintenance.

The Company allows its customers to return product for exchange or credit subject to certain limitations. A liability is recorded at the time of sale for estimated product returns based upon historical experience, which is included in accounts payable and accrued expenses on the Consolidated Balance Sheets, and an asset is recognized for the amount expected to be recorded upon product return, which is included in prepaid expenses and other current assets on the Consolidated Balance Sheets. If actual sales returns are greater than estimated by management, an additional returns allowance may be required as an offset to net sales. The Company also provides rebates and other discounts to certain customers which are considered variable consideration. A provision for customer rebates and other discounts is recorded as a reduction of revenue at the time of sale based on an evaluation of the contract terms and historical experience.

The Company considers shipping and handling activities as costs to fulfill the sales of products. Shipping revenue is included in net sales when control of the product is transferred to the customer, and the related shipping and handling costs are included in cost of sales. Taxes imposed by governmental authorities on the Company's revenue producing activities with customers, such as sales taxes and value added taxes, are excluded from net sales.

The Company disaggregates its operating revenue by segment, geography and timing of revenue recognition, which the Company believes provides a meaningful depiction of the nature of its revenue. For additional information, see Note 12 (Industry, Segment and Geographic Information).

Hardware and software products sold by the Company are generally delivered via shipment from the Company's facilities, drop shipment directly from the vendor, or by electronic delivery of keys for software products. The majority of the Company's business involves shipments directly from its vendors to its customers, in these transactions, the Company is generally responsible for negotiating price both with the vendor and customer, fulfillment of the order, payment to the vendor, establishing payment terms with the customer, product returns, and has risk of loss if the customer does not make payment. As the principal with the customer, the Company recognizes revenue upon receiving notification from the vendor that the product was shipped. Control of software products is deemed to have passed to the customer when they acquire the right to use or copy the software under license as substantially all product functionality is available to the customer at the time of sale.

The Company performs an analysis of the number of days of sales in-transit to customers at the end of each reporting period based on an analysis of commercial delivery terms that include drop-shipment arrangements. This analysis is the basis upon which the Company estimates the amount of net sales in-transit at the end of the period and adjusts revenue and the related costs to reflect only what has been delivered to the customer. Changes in delivery patterns may result in a different number of business days estimated to make this adjustment. The Company also performs a weighted average analysis of the estimated number of days between order fulfillment and beginning of the renewal term for term licenses recorded on a gross basis, and a deferral estimate is recorded for term license renewals fulfilled prior to commencement date.

Generally, software products are sold with accompanying third-party delivered software assurance, which is a product that allows customers to upgrade, at no additional cost, to the latest technology if new capabilities are introduced during the period that the software assurance is in effect. The Company evaluates whether the software assurance is a separate performance obligation by assessing if the third-party delivered software assurance is critical or essential to the core functionality of the software itself. This involves considering if the software provides its original intended functionality to the customer without the updates, if the customer would ascribe a higher value to the upgrades versus the up-front deliverable, if the customer would expect frequent intelligence updates to the software (such as updates that maintain the original functionality), and if the customer chooses to not delay or always install upgrades. If the Company determines that the accompanying third-party delivered software assurance is critical or essential to the core functionality of the software license, the software license and the accompanying third-party delivered software assurance are recognized as a single performance obligation. The value of the product is primarily the accompanying support delivered by a third party and therefore the Company is acting as an agent in these transactions and recognizes them on a net basis at the point the associated software license is delivered to the customer. The Company sells cloud computing solutions that utilize third-party vendors to enable customers to access data center functionality in a cloud-based solution, including storage, computing and networking and access to software in the cloud that enhances office productivity, provides security or assists in collaboration. The Company recognizes revenue for cloud computing solutions for arrangements with one-time invoicing to the customer at the time of invoice on a net basis as the Company is acting as an agent in the transaction. For monthly subscription-based arrangements, the Company is acting as an agent in the transaction and recognizes revenue as it invoices the customer for its monthly usage on a net basis. For software licenses where the accompanying third-party delivered software assurance is not critical or essential to the core functionality, the software assurance is recognized as a separate performance obligation, with the associated revenue recognized on a gross basis at the point the related software license is delivered to the customer.

The Company also sells some of its products and services as part of bundled contract arrangements containing multiple deliverables, which may include a combination of products and services. For each deliverable that represents a distinct performance obligation, total arrangement consideration is allocated based upon the standalone selling prices (“SSP”) of each performance obligation. SSP is determined based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through established standard prices, we use judgement and estimate the standalone selling price considering available information such as market pricing and pricing related to similar products.

#### **Freight**

The Company records freight billed to its customers as net sales and the related freight costs as cost of sales when the underlying product revenue is recognized. For freight not billed to its customers, the Company records the freight costs as cost of sales. The Company’s typical shipping terms result in shipping being performed before the customer obtains control of the product. The Company considers shipping to be a fulfillment activity and not a separate performance obligation.

### **Commissions**

The Company pays commissions and related payroll taxes to sales personnel when customers are invoiced. These costs are recorded as selling general and administrative expenses in the period earned as all our performance obligations are complete within a short window of processing the order.

### **Stock-Based Compensation**

The Company has stockholder-approved stock incentive plans for employees and directors. Stock-based compensation is recognized based on the grant date fair value and is recognized as expense on a straight-line basis over the requisite service period.

### **Advertising**

Costs related to advertising and product promotion expenditures are charged to "Selling, general and administrative expenses" as incurred and are primarily offset by marketing reimbursements. Net costs related to advertising and promotion expenditures were not material to the Company's Consolidated Financial Statements for any of the periods presented.

### **Operating Segments**

Operating segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's operations are classified into two reportable business segments: Distribution and Solutions. For additional information, see Note 12 (Industry, Segment and Geographic Information).

### **Treasury Stock**

Treasury stock is accounted for at cost. Shares repurchased by the Company are held in treasury for general corporate purposes, including issuances under equity incentive plans. The reissuance of shares from treasury stock is based on the weighted average purchase price of the shares.

### **Interest, net**

Interest, net consists primarily of interest income earned on our cash and cash equivalents and income from the amortization of the discount on accounts receivable long term, net of interest expense on the Company's credit facility.

### **Income Taxes**

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. This method also requires a valuation allowance against the net deferred tax asset if, based on the weighted available evidence, it is more likely than not that some or all the deferred tax assets will not be realized. The Company's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense when assessed. The Company accounts for uncertainties in accordance with FASB ASC 740 "Income Taxes". This standard clarified the accounting for uncertainties in income taxes. The standard prescribes criteria for recognition and measurement of tax positions. It also provides guidance on derecognition, classification, interest and penalties, and disclosures related to income taxes associated with uncertain tax positions. The Company classifies all deferred tax asset or liabilities as non-current on the balance sheet.

**Foreign Exchange**

The Company's foreign currency exposure relates primarily to international transactions where the currency collected from customers can be different from the currency used to purchase the product. In cases where the Company is not able to create a natural hedge by maintaining offsetting asset and liability amounts in the same currency, it may enter into foreign exchange contracts, typically in the form of forward purchase agreements, to facilitate the hedging of foreign currency exposures to mitigate the impact of changes in foreign currency exchange rates. These contracts generally have terms of no more than two months. The Company does not apply hedge accounting to these contracts and therefore the changes in fair value are recorded in earnings. The Company does not enter into foreign exchange contracts for trading purposes and the risk of loss on a foreign exchange contract is the risk of nonperformance by the counterparties, which the Company minimizes by limiting its counterparties to major financial institutions. The Company recognized an unrealized loss of less than \$0.1 million on contracts outstanding as of December 31, 2025.

**Recently Issued Accounting Pronouncements**

In September 2025, the FASB issued ASU No. 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software". This ASU amends the guidance under ASC 350-40 for internal-use software. The amendments remove referenced to development-stages, clarify when capitalization may begin, and require entities to apply to property, plant and equipment disclosure requirements under ASC 350-10 to capitalize internal-use software costs. The ASU is effective for annual periods beginning after December 15, 2027, and for interim periods within those annual periods. Early adoption of ASU No. 2025-06 is permitted. The Company has performed an initial assessment and currently does not expect the adoption of ASU No. 2025-06 to have a material effect on its financial position, results of operations or cash flows.

In July 2025, the FASB issued ASU No. 2025-05, "Financial Instruments - Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets". The update amends the guidance in ASC 326-20 to introduce a practical expedient when estimating credit losses that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments apply to current accounts receivable and current contract assets arising from transactions under ASC 606 (Revenue from Contracts with Customers). The amendments are applied prospectively and are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those years. Early adoption of ASU No. 2025-05 is permitted. The Company has evaluated the impact of ASU No. 2025-05 on its accounting policies and internal controls related to its credit-customer receivables. The Company has determined that, given (i) the nature of its receivables (primarily receivables from customers on credit terms), (ii) its historical credit-loss experience and collection patterns, and (iii) its allowance methodology, adoption of ASU No. 2025-05 is not expected to have a material effect on the Company's consolidated financial position.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". This ASU requires entities to disaggregate expense items in the notes to the financial statements and requires disclosure of specified information related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The amendments in this ASU are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Companies have the option to apply the guidance either on a retrospective or prospective basis, and early adoption is permitted. The Company is currently evaluating the impact of the ASU on its condensed consolidated financial statements and related disclosures. In January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of ASU No. 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU No. 2024-03 is permitted. The Company is currently evaluating the impact the new accounting standard will have on its expense disclosures in the notes to the consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". Upon adoption of this ASU, the Company will disclose specific new categories in its income tax rate reconciliation and provide additional information for reconciling items above a quantitative threshold. The Company will also disclose the amount of income taxes paid disaggregated by federal, state, and foreign taxes, and also disaggregated by individual jurisdictions in which income taxes paid were above a threshold. The Company adopted ASU No. 2023-09 on a prospective basis for the fiscal year ending December 31, 2025.

**3. Acquisition***Acquisition of Douglas Stewart Software & Services, LLC*

On July 31, 2024, Climb Global Solutions DSS, LLC, a wholly-owned subsidiary of the Company, entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") and purchased the entire share capital of Douglas Stewart Software & Services, LLC ("DSS"), a Florida limited liability company, for an aggregate purchase price of approximately \$20.3 million (subject to certain adjustments) plus a potential post-closing earnout payment. DSS distributes software to VARs and campus stores across North America in both the K-12 and higher education markets, furthering the Company's reach into these markets. The Purchase Agreement contains customary representations, warranties, covenants and indemnities. The acquisition was funded utilizing cash from the Company's balance sheet.

The financial position and operating results of DSS is included in the Company's consolidated financial statements from the date of the acquisition. The Company recorded net revenue for DSS of approximately \$11.8 million and net income of approximately \$0.8 million during the year ended December 31, 2024.

Intangible assets are comprised of approximately \$13.6 million of vendor relationships with a weighted average amortization period of 11 years, representing the expected period of benefits. Goodwill, which was allocated to the Distribution segment, is the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company and assembled workforce. The DSS transaction was structured as an asset acquisition and as such the goodwill resulting from the transaction will be deductible for income tax purposes.

The Company used the income approach to value the intangible assets, representing acquired vendor relationships. The fair value measurements were primarily based on significant inputs that are not observable, which are categorized as a Level 3 measurement in the fair value hierarchy (See Note 13 - Fair Value Measurements). Inputs used to value these intangible assets include the discount rate, projection of all future cash flows, long-term growth rates in revenue and earnings before interest, tax, depreciation and amortization, vendor attrition rates and applicable income tax rates. The excess purchase price recorded to goodwill primarily represents the future economic benefits the Company expects to achieve as a result of combining operations and expanding vendor relationships.

The purchase consideration included approximately \$1.7 million fair value for potential earn-out consideration if certain targets were achieved by September 30, 2025, payable in cash. During the year ended December 31, 2024, the Company reassessed the earn-out liability and increased the fair value of the earn out liability to approximately \$1.9 million, with \$0.1 million adjustment recognized within change in fair value of acquisition contingent consideration during the year ended December 31, 2024. The earn-out liability was included in current liabilities as of December 31, 2024. During the year ended December 31, 2025, the Company reassessed the earn-out liability with \$1.4 million adjustment recognized within change in fair value of acquisition contingent consideration. The ending \$3.2 million earn-out was paid in cash during the year ended December 31, 2025 and no liability remains as of December 31, 2025.

**(in thousands)**

Prepaid expenses and other current assets	\$	773
Inventory		18

Right-of-use asset	291
Other assets	8
Accounts payable and accrued expenses	(636)
Lease liability, current portion	(88)
Lease liability, non-current portion	(249)
Intangibles - Vendor Relationships	13,627
Goodwill	8,401
<b>Net assets</b>	<b>\$ 22,145</b>

(in thousands)

**Supplementary information:**

Cash paid to sellers	\$ 20,420
Contingent earn-out	1,725
<b>Total purchase consideration</b>	<b>\$ 22,145</b>

*Acquisition of Data Solutions Holdings Limited*

On October 6, 2023, the Company entered into a Share Purchase Agreement and purchased the entire share capital of Data Solutions Holdings Limited (“Data Solutions”) for an aggregate purchase price of approximately €15.0 million (equivalent to \$15.9 million USD), subject to certain working capital and other adjustments, paid at closing plus a potential post-closing earn-out. The allocation of the purchase price was based on the estimated fair value of Data Solutions’ net tangible and identifiable intangible assets as of the date of the acquisition. The transaction was accounted for under the purchase method of accounting.

The purchase consideration included approximately \$2.2 million fair value for potential earn-out consideration if certain targets are achieved, payable in cash. During the year ended December 31, 2024, the Company reassessed the earn-out liability and increased the fair value of the earn out liability to approximately \$3.4 million, with \$1.2 million adjustment recognized within change in fair value of acquisition contingent consideration during the year ended December 31, 2024. The earn-out was paid in cash during the year ended December 31, 2024 and no liability remains as of December 31, 2024. The earn-out liability was included in current liabilities as of December 31, 2023.

In connection with the acquisition of Data Solutions on October 6, 2023, the Company acquired an invoice discounting facility (“IDF”) that was with recourse to the Company (See Note 8 – Credit Facilities). The IDF had no outstanding balance as of December 31, 2025 and 2024, as the Company terminated the IDF during the year ended December 31, 2024.

During the years ended December 31, 2025, 2024 and 2023, the Company recognized acquisition related costs of \$0.8 million, \$2.3 million and \$0.6 million, respectively. These acquisition related costs are reflected in the accompanying consolidated statements of earnings. The costs incurred during the year ended December 31, 2025 relate to our continued acquisition initiatives, while the costs incurred during the year ending December 31, 2024 relate to the DSS acquisition and the costs incurred during the year ended December 31, 2023 relate to the Data Solutions acquisition.

#### 4. Goodwill and Other Intangible Assets

Goodwill represents the premium paid over the fair value of the net tangible and intangible assets that are individually identified and separately recognized in business combinations. The following table summarizes the changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 2025 and 2024.

	<b>Distribution</b>	<b>Solutions</b>	<b>Consolidated</b>
Balance December 31, 2023	\$ 18,658	\$ 8,524	\$ 27,182
Goodwill acquired	8,401	—	8,401
Translation adjustments	(529)	(130)	(659)
Balance December 31, 2024	\$ 26,530	\$ 8,394	\$ 34,924
Goodwill acquired	—	—	—
Translation adjustments	1,299	615	1,914
Balance December 31, 2025	\$ 27,829	\$ 9,009	\$ 36,838

Information related to the Company's other intangibles, net is as follows:

	<b>As of December 31, 2025</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Customer and vendor relationships	\$ 46,084	\$ 14,195	\$ 31,889
Trade name	517	178	339
Total	\$ 46,601	\$ 14,373	\$ 32,228

	<b>As of December 31, 2024</b>		
	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Customer and vendor relationships	\$ 43,805	\$ 7,603	\$ 36,202
Trade name	481	133	348
Total	\$ 44,286	\$ 7,736	\$ 36,550

Customer relationships are amortized over thirteen years. Vendor relationships are amortized between eight and fifteen years. Trade name is amortized over fifteen years.

The Company recognized total amortization expense for other intangibles, net of \$6.0 million, \$3.4 million and \$2.2 million during the years ended December 31, 2025, 2024 and 2023, respectively.

Estimated future amortization expense of the Company's other intangibles, net as of December 31, 2025 is as follows:

2026	\$ 5,826
2027	4,232
2028	3,966
2029	3,700
2030	3,700
Thereafter	10,804
Total	\$ 32,228

**5. Right-of-use Asset and Lease Liability**

The Company has entered into operating leases for office and warehouse facilities, which have terms at lease commencement that range from 1 years to 11 years. The Company determines if an arrangement is a lease at inception. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets and lease expense for these leases is recognized on a straight-line basis over the lease term.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date of the lease based on the present value of the lease payments over the lease term. As our leases do not provide a readily determinable implicit rate, we use an incremental borrowing rate based on the information available at commencement date, including lease term, in determining the present value of future payments. The operating lease asset also includes any lease payments made and excludes lease incentives. Operating lease expense is recognized on a straight-line basis over the lease term and included in selling, general and administrative expenses.

Information related to the Company's right-of-use assets and related lease liabilities were as follows:

	<b>Year ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Cash paid for operating lease liabilities	\$ 853	\$ 725	\$ 627
Right-of-use assets obtained in exchange for new operating lease obligations	\$ 1,061	\$ 1,549	\$ —
Weighted-average remaining lease term (years)	4.9	3.5	3.2
Weighted-average discount rate	6.5%	5.5%	3.6%

Maturities of lease liabilities as of December 31, 2025 were as follows:

2026	\$ 969
2027	559
2028	339
2029	317
2030	88
Thereafter	321
	<u>2,593</u>
Less: imputed interest	(586)
Total lease liabilities	<u>\$ 2,007</u>
Lease liabilities, current portion	791
Lease liabilities, net of current portion	1,216
Total lease liabilities	<u>\$ 2,007</u>

## 6. Balance Sheet Detail

Equipment and leasehold improvements, net consist of the following:

	December 31, 2025	December 31, 2024
Equipment	\$ 3,144	\$ 2,951
Capitalized software	13,468	11,821
Buildings	755	668
Leasehold improvements	2,458	2,426
	<u>19,825</u>	<u>17,866</u>
Less accumulated depreciation and amortization	(6,486)	(5,013)
	<u>\$ 13,339</u>	<u>\$ 12,853</u>

Depreciation expense relating to capitalized software, equipment, leasehold improvements and buildings, net was \$1.7 million, \$0.9 million and \$0.6 million during the years ended December 31, 2025, 2024 and 2023, respectively.

Accounts receivable – long term, net consist of the following:

	December 31, 2025	December 31, 2024
Total amount due from customer	\$ 3,039	\$ 2,459
Less: unamortized discount	(150)	(102)
Less: current portion included in accounts receivable	(1,656)	(1,183)
	<u>\$ 1,233</u>	<u>\$ 1,174</u>

Accounts payable and accrued expenses consist of the following:

	December 31, 2025	December 31, 2024
Trade accounts payable	\$ 309,670	\$ 331,654
Accrued expenses	12,902	17,179
Other accounts payable and accrued expenses	13,933	21,564
	<u>\$ 336,505</u>	<u>\$ 370,397</u>

Accumulated other comprehensive loss consists of the following:

	December 31, 2025	December 31, 2024
Foreign currency translation adjustments	\$ 4,950	\$ (2,370)
	<u>\$ 4,950</u>	<u>\$ (2,370)</u>

## 7. Income Taxes

Deferred tax attributes resulting from differences between the tax basis of assets and liabilities and the reported amounts in the Consolidated Balance Sheets are as follows:

	December 31, 2025	December 31, 2024
<b>Deferred tax assets:</b>		
Accruals and reserves	\$ 3,006	\$ 1,563
Deferred rent credit	56	92
Depreciation and amortization	632	635
Total deferred tax assets	3,694	2,290
<b>Deferred tax liabilities:</b>		
Accruals and reserves	(1,632)	(965)
Depreciation and amortization	(6,932)	(5,855)
Total deferred tax liabilities	(8,564)	(6,820)
<b>Net deferred tax liabilities</b>	<b>\$ (4,870)</b>	<b>\$ (4,530)</b>

The provision for income taxes is as follows:

	Year ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ 3,226	\$ 4,610	\$ 2,793
State	969	839	676
Foreign	2,498	1,471	1,372
Total current tax expense	6,693	6,920	4,841
Deferred:			
Federal	817	28	32
State	19	112	10
Foreign	(941)	(652)	(425)
Total deferred tax expense (benefit)	(105)	(512)	(383)
Total income tax expense (benefit)	<b>\$ 6,588</b>	<b>\$ 6,408</b>	<b>\$ 4,458</b>
Effective Tax Rate	23.6%	25.6%	26.6%

For financial reporting purposes, income before income taxes includes the following components:

	Year ended December 31,		
	2025	2024	2023
United States	\$ 21,804	\$ 20,961	\$ 11,990
Foreign	6,114	4,057	4,791
	<b>\$ 27,918</b>	<b>\$ 25,018</b>	<b>\$ 16,781</b>

The table below provides the updated requirements of ASU 2023- 09 for 2024. See Note 2 (Summary of Significant Accounting Policies—Recently Issued Accounting Pronouncements) for additional details on the adoption of ASU 2023- 09.

The reasons for the difference between total tax expense and the amount computed by applying the U.S. statutory federal income tax rate to income before income taxes for the year ended December 31, 2025 are as follows:

	Year ended December 31, 2025	
	\$	%
Provision for income taxes at U.S. federal statutory rate	\$ 5,863	21.0%
State and local income taxes, net of federal benefit (1)	780	2.8%
Foreign tax effects	274	1.0%
Effects of changes in tax laws or rates enacted in the current period	—	0.0%
<b>Effect of cross-border tax laws:</b>		
Foreign derived intangible income ("FDII")	—	0.0%
Other	—	0.0%
<b>Tax credits:</b>		
Tax credits	—	0.0%
<b>Non-taxable or non-deductible items:</b>		
Stock based compensation	(968)	-3.5%
Executive compensation limitation (IRC 162m)	691	2.5%
Other items	26	0.1%
Uncertain tax positions	—	0.0%
Other items	(78)	-0.3%
Total tax provision and effective tax rate	<b>\$ 6,588</b>	<b>23.6%</b>

(1) State taxes in California, Florida, Illinois and Pennsylvania made up the majority (greater than 50 percent) of the tax effect in this category.

As previously disclosed for the years ended December 31, 2024 and 2023, prior to the adoption of ASU 2023-09, the effective income tax rate differs from the statutory federal income tax rate as follows:

Year ended December 31,	
2024	2023

Statutory rate applied to pretax income	\$ 5,254	\$ 3,524
Other permanent items	384	569
State income taxes, net of federal income tax benefit	752	542
Acquisition related costs	760	132
Other items	56	—
Dividends	(1)	(3)
GILTI, net of foreign tax credits	(41)	(11)
Foreign income taxes (under) U.S. statutory rate	(200)	(46)
Stock compensation	(556)	(249)
Income tax expense	<u>\$ 6,408</u>	<u>\$ 4,458</u>

[Table of Contents](#)

The Company has analyzed filing positions in all the federal, state and foreign jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company has identified its federal consolidated tax return, its state tax returns, its Canadian tax return and its tax return in the United Kingdom as major tax jurisdictions. As of December 31, 2025, the Company's 2022 through 2024 Federal tax returns remain open for examination. The Company's various states and Canadian tax returns are open for examination for the years 2021 through 2024. The Company's tax return in the United Kingdom is open for examination for the years 2023 and 2024. The Company's policy is to recognize interest related to unrecognized tax benefits as interest expense and penalties as operating expenses. The Company believes that it has appropriate support for the income tax positions it takes and expects to take on its tax returns, and that its accruals for tax liabilities are adequate for all open years based on an assessment of many factors including experience and interpretations of tax law applied to the facts of each matter.

The Company has approximately \$11.3 million of undistributed earnings in Canada and \$5.3 million of undistributed earnings in the United Kingdom and \$2.2 million of undistributed earnings in Ireland, which it continues to reinvest indefinitely, and therefore no withholding taxes related to its repatriation has been recorded.

There was no activity related to the Company's unrecognized tax benefits during the years ended December 31, 2025, 2024 and 2023.

During the years ended December 31, 2025, 2024 and 2023, the Company incurred interest and penalties of zero, respectively, related to these uncertain tax benefits.

As required by ASU 2023-09, the total cash paid for income taxes by U.S. federal, U.S. state and foreign jurisdictions for the year ended December 31, 2025 is as follows:

	<b>Year ended December 31, 2025</b>
<b>U.S. federal</b>	\$ 6,120
<b>U.S. state</b>	\$ 1,347
<b>Foreign:</b>	
United Kingdom	1,202
Ireland	648
Canada	558
Other	64
Foreign Subtotal	\$ 2,472
Total cash paid for income taxes (net of refunds)	<u>\$ 9,939</u>

## 8. Credit Facilities

On May 18, 2023, the Company entered into a revolving credit agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. ("JPM"), providing for a revolving credit facility of up to \$50.0 million subject to a borrowing base, including the issuance of letters of credit and swingline loans not to exceed \$2.5 million and \$5.0 million, respectively, at any time outstanding. In addition, subject to certain conditions enumerated in the Credit Agreement, the Company has the right to increase the revolving credit facility by a total amount not to exceed \$20.0 million. The proceeds of the revolving loans, letters of credit and swingline loans under the Credit Agreement may be used for working capital needs, general corporate purposes and for acquisitions permitted by the terms of the Credit Agreement.

All outstanding loans issued pursuant to the Credit Agreement become due and payable on May 18, 2028. There were no amounts outstanding under the Credit Agreement as of December 31, 2025 and 2024, respectively.

Outstanding Loans comprising (i) ABR Borrowings bear interest at the ABR plus the Applicable Rate, (ii) Term Benchmark Borrowings bear interest at the Adjusted Term SOFR Rate or the Adjusted EURIBOR Rate, as applicable, plus the Applicable Rate and (iii) RFR Loans bear interest at a rate per annum equal to the applicable Adjusted Daily Simple RFR plus the Applicable Rate. The Applicable Rate for borrowings varies (i) in the case of ABR Borrowings, from 0.50% to 0.75% and (ii) in the case of Term Benchmark Borrowings and RFR Loans, from 1.50% to 1.75%.

The Credit Agreement contains customary affirmative covenants, such as financial statement and collateral reporting requirements. The Credit Agreement also contains customary negative covenants that limit the ability of the Company to, among other things, incur indebtedness, create liens or permit encumbrances, or undergo certain fundamental changes. Additionally, under certain circumstances, the Company is required to maintain a minimum fixed charge coverage ratio.

On April 8, 2022, the Company entered into a \$2.1 million term loan (the “Term Loan”) with First American Commercial Bancorp, Inc. pursuant to a Master Loan and Security Agreement. The proceeds from the Term Loan will be used to fund certain capital expenditures. The borrowing under the Term Loan bears interest at a rate of 3.73% per annum and is being repaid over forty-eight monthly installments of principal and interest through April 2026.

As of December 31, 2025 and 2024, the Company had \$0.2 million and \$0.8 million outstanding under the Term Loan, respectively.

As of December 31, 2025, future principal payments under the Term Loan totaling \$0.2 million are all current and due during the subsequent year ending December 31, 2026.

In connection with the acquisition of Data Solutions (See Note 3 – Acquisition), the Company acquired an IDF that was with recourse to the Company. Data Solutions had previously entered into the IDF with AIB Commercial Finance Limited (“AIB”) pursuant to a Debt Purchase Agreement. The Company subsequently terminated the IDF during the year ended December 31, 2024. The proceeds from the IDF were used for working capital needs of Data Solutions. Borrowings under the IDF were based on accounts receivable up to 80% of the outstanding accounts receivable balance. The discount rate under the IDF was equal to 2.5% above AIB’s applicable lending rates that vary based on the currency of the accounts receivable. The IDF had no outstanding balance as of December 31, 2025 and 2024, as the Company terminated the IDF during the year ended December 31, 2024.

## **9. Stockholders’ Equity and Stock-Based Compensation**

The 2021 Omnibus Incentive Plan (the “2021 Plan”) authorizes the grant of Stock Options, Restricted Stock Units, Stock Appreciation Rights, Restricted Stock, Deferred Stock, Stock Bonuses and other equity-based awards. The 2021 Plan was approved by the Company’s stockholders at the 2021 Annual Meeting in June 2021. The total number of shares of the Company’s common stock, par value \$0.01 per share (“Common Stock”) initially available for award under the 2021 Plan was 500,000 shares. As of December 31, 2025, the number of shares of Common Stock available for future award grants to employees, officers and directors under the 2021 Plan is 163,895.

During the year ended December 31, 2025, the Company granted a total of 43,736 shares of Restricted Stock Units to officers, directors and employees. These shares of Restricted Stock Units vest immediately, over time in three equal installments or over time in up to sixteen equal quarterly installments. During the year ended December 31, 2025, 16,376 shares of Restricted Stock were forfeited as a result of officers and employees terminating employment with the Company.

During the year ended December 31, 2024, the Company granted a total of 51,812 shares of Restricted Stock Units to officers, directors and employees. These shares of Restricted Stock Units vest immediately, over time in three equal installments or over time in up to sixteen equal quarterly installments. During the year ended December 31, 2024, 1,999 shares of Restricted Stock were forfeited as a result of officers and employees terminating employment with the Company.

During the year ended December 31, 2023, the Company granted a total of 132,526 shares of Restricted Stock Units to officers, directors and employees. These shares of Restricted Stock Units vest immediately, over time in three equal installments or over time in up to sixteen equal quarterly installments.

[Table of Contents](#)

There was no options activity during the year ended December 31, 2025, 2024 and 2023, there were no options outstanding or exercisable at December 31, 2025, 2024 and 2023, respectively, under the Company's 2021 Plan.

Under the various plans, options that are cancelled can be reissued. At December 31, 2025, no cancelled options were reserved for future reissuance.

A summary of nonvested shares of Restricted Stock Unit awards outstanding under the Company's 2021 Plan as of December 31, 2025, 2024 and 2023, and changes during the years ended December 31, 2025, 2024 and 2023 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Nonvested shares at January 1, 2023	121,059	\$ 24.83
Granted in 2023	132,526	44.99
Vested in 2023	(110,291)	33.92
Forfeited in 2023	—	—
Nonvested shares at December 31, 2023	143,294	\$ 36.48
Granted in 2024	51,812	58.83
Vested in 2024	(78,397)	35.28
Forfeited in 2024	(1,999)	45.33
Nonvested shares at December 31, 2024	114,710	\$ 47.23
Granted in 2025	43,736	93.97
Vested in 2025	(74,037)	49.70
Forfeited in 2025	(16,376)	50.27
Nonvested shares at December 31, 2025	68,033	\$ 73.86

As of December 31, 2025, there was approximately \$1.4 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 1.5 years.

For the years ended December 31, 2025, the Company consistently recognized share-based compensation cost of approximately \$4.7 million, compared to \$4.1 million in the years ended December 31, 2024 and 2023, respectively, which is included in selling, general and administrative expenses.

#### 10. Defined Contribution Plan

The Company maintains a defined contribution plan covering substantially all employees. Participating employees may make contributions to the plan, through payroll deductions. Matching contributions are made by the Company equal to 50% of the employee's contribution to the extent such employee contribution did not exceed 8% of their compensation. During the years ended December 31, 2025, 2024 and 2023, the Company expensed approximately \$1.1 million, \$0.9 million and \$0.5 million, respectively, related to this plan.

## 11. Commitments and Contingencies

### Severance Plan

The Board of Directors of the Company previously approved the Climb Global Solutions, Inc. Executive Severance and Change in Control Plan (the “Severance Plan”), which supersedes and replaces all other severance arrangements between the Company and its executive officers, which previously had been governed by separate legacy employment agreements and offer letters. The Severance Plan provides severance benefits upon a qualifying termination of employment (“Covered Termination”) of an executive officer. The Severance Plan provides for three tiers of severance benefits in the event of a Covered Termination based on the executive’s seniority and position, including payment of 6-18 months of base salary, a pro rata payment of such executive’s bonus for the year in which the Covered Termination occurred, and a COBRA subsidy during the severance period. In the event the Covered Termination in connection with a change of control, the Severance Plan provides for increased severance benefits, including payment of 18-24 months of base salary, payment of such executive’s target bonus for the year in which the Covered Termination occurred, double trigger vesting acceleration of equity awards, and a COBRA subsidy during the severance period.

### Other

As of December 31, 2025, the Company has no standby letters of credit, has no standby repurchase obligations or other commercial commitments. The Company has a line of credit see Note 8 (Credit Facility). Other than employment agreements and other management compensation arrangements, the Company is not engaged in any other transactions with related parties.

## 12. Industry, Segment and Geographic Financial Information

The Company distributes software developed by others through resellers indirectly to customers worldwide. We also resell computer software and hardware developed by others and provide technical services directly to customers worldwide.

FASB ASC Topic 280, “Segment Reporting,” requires that public companies report profits and losses and certain other information on their “reportable operating segments” in their annual and interim financial statements. The internal organization used by the public company’s Chief Operating Decision Maker (“CODM”) to assess performance and allocate resources determines the basis for reportable operating segments. The Company’s Chief Executive Officer, who has been identified as the Company’s CODM, evaluates the performance of both reportable segments based on operating income. Net sales, gross profit, and operating expenses are also monitored closely. This information is used to measure segment profitability, allocate resources, and make budgeting and forecasting decisions about the reportable segments. The CODM also uses these measures to monitor trends in year over year performance comparisons, sequential quarter performance comparisons, and to compare actual results to forecasts. More disaggregated information about operating expense is generally only reviewed by the CODM on a consolidated basis. Operating income represents net sales less costs of sales, excluding depreciation and amortization expense and operating expenses. Net sales and cost of sales, excluding depreciation and amortization expense are directly attributed to each segment. The majority of operating expenses are also directly attributed to each segment, while certain other operating expenses are allocated to the segments in a reasonable manner considering the specific facts and circumstances of the expenses being allocated.

The Company is organized into two reportable operating segments. The “Distribution” segment distributes technical software to corporate resellers, VARs, consultants and systems integrators worldwide. The “Solutions” segment is a provider of cloud solutions and value-added reseller of software, hardware and services to customers worldwide. The Company’s reportable segments are based on products and services delivered, and the Company’s CODM decides how to assess performance and allocate resources based on segment.

[Table of Contents](#)

Segment income is based on segment revenue less the respective segment's cost of revenues as well as segment direct costs (including such items as payroll costs and payroll related costs, such as profit sharing, incentive awards and insurance) and excluding general and administrative expenses *not* attributed to an individual segment business unit. The Company only identifies accounts receivable, vendor prepayments, inventory, goodwill and intangible assets by segment as shown below as "Selected Assets" by segment; it does not allocate its other assets, including capital expenditures by segment. The following segment reporting information of the Company is provided:

	Year ended		
	December 31,		
	2025	2024	2023
<b>Net Sales:</b>			
Distribution	\$ 627,443	\$ 441,940	\$ 325,262
Solutions	25,074	23,667	26,751
	<u>652,517</u>	<u>465,607</u>	<u>352,013</u>
<b>Cost of Sales:</b>			
Distribution	\$ 535,552	\$ 363,648	\$ 271,899
Solutions	11,696	10,879	15,867
	<u>547,247</u>	<u>374,527</u>	<u>287,766</u>
<b>Direct Costs:</b>			
Distribution	\$ 40,803	\$ 31,888	\$ 22,467
Solutions	6,241	5,455	5,238
	<u>47,044</u>	<u>37,343</u>	<u>27,705</u>
<b>Segment Income: (1)</b>			
Distribution	\$ 51,088	\$ 46,404	\$ 30,896
Solutions	7,137	7,333	5,646
<b>Segment Income</b>	<u>58,226</u>	<u>53,737</u>	<u>36,542</u>
General and administrative	\$ 20,506	\$ 19,165	\$ 16,625
Acquisition related costs	807	2,311	629
Depreciation and amortization expense	7,728	4,269	2,798
Interest, net	844	917	927
Foreign currency transaction loss	(737)	(273)	(636)
Change in fair value of acquisition contingent consideration	1,374	3,618	—
Income before taxes	<u>\$ 27,918</u>	<u>\$ 25,018</u>	<u>\$ 16,781</u>

(1) Excludes general corporate expenses including acquisition related costs, amortization and depreciation expense, interest, foreign currency transaction loss, and change in fair value of acquisition contingent consideration.

Selected Assets by Segment:	As of	As of
	December 31, 2025	December 31, 2024
Distribution	\$ 375,024	\$ 394,809
Solutions	22,124	21,882
<b>Segment Select Assets</b>	<u>397,148</u>	<u>416,691</u>
Corporate Assets	63,085	52,488
<b>Total Assets</b>	<u>\$ 460,233</u>	<u>\$ 469,179</u>

Geographic areas and net sales mix related to operations for the year ended December 31, 2025 and 2024 were as follows. Net sales is allocated to a geographic area based on the location of the sale, which is generally the customer's country of domicile.

	Year ended		
	December 31, 2025		
	Distribution	Solutions	Total
<b>Geography</b>			
USA	\$ 494,348	\$ 8,263	\$ 502,611
United Kingdom	67,852	15,253	83,105
Europe	31,275	855	32,130
Canada	33,968	703	34,671
Total net sales	\$ 627,443	\$ 25,074	\$ 652,517
<b>Timing of Revenue Recognition</b>			
Transferred at a point in time where the Company is principal (1)	\$ 577,347	\$ 18,150	\$ 595,497
Transferred at a point in time where the Company is agent (2)	50,096	6,924	57,020
Total net sales	\$ 627,443	\$ 25,074	\$ 652,517

	Year ended		
	December 31, 2024		
	Distribution	Solutions	Total
<b>Geography</b>			
USA	\$ 333,197	\$ 8,652	\$ 341,849
United Kingdom	45,808	13,775	59,583
Europe	36,231	114	36,345
Canada	26,704	1,126	27,830
Total net sales	\$ 441,940	\$ 23,667	\$ 465,607
<b>Timing of Revenue Recognition</b>			
Transferred at a point in time where the Company is principal (1)	\$ 399,360	\$ 15,847	\$ 415,207
Transferred at a point in time where the Company is agent (2)	42,580	7,820	50,400
Total net sales	\$ 441,940	\$ 23,667	\$ 465,607

	Year ended		
	December 31, 2023		
	Distribution	Solutions	Total
<b>Geography</b>			
USA	\$ 244,261	\$ 15,425	\$ 259,686
United Kingdom	41,641	10,167	51,808
Europe	15,612	—	15,612
Canada	23,748	1,159	24,907
Total net sales	\$ 325,262	\$ 26,751	\$ 352,013
<b>Timing of Revenue Recognition</b>			
Transferred at a point in time where the Company is principal (1)	\$ 286,051	\$ 19,853	\$ 305,904
Transferred at a point in time where the Company is agent (2)	39,211	6,898	46,109
Total net sales	\$ 325,262	\$ 26,751	\$ 352,013

(1) Includes net sales from third-party hardware and software products.

(2) Includes net sales from third-party maintenance, software support and services.

Geographic identifiable assets related to operations as of December 31, 2025 and 2024 were as follows.

Identifiable Assets by Geographic Areas	December 31, 2025	December 31, 2024
USA	\$ 266,238	\$ 278,957
United Kingdom	125,191	112,720
Europe	37,031	43,150
Canada	31,773	34,352
Total	\$ 460,233	\$ 469,179

[Table of Contents](#)

For the year ended December 31, 2025, the Company had two customers that accounted for 24% and 13%, respectively, of consolidated net sales and as of December 31, 2025, 15% and 8%, respectively, of total net accounts receivable. For the year ended December 31, 2025, the Company had no major vendors. These customers and vendors are all in the Company's Distribution segment.

For the year ended December 31, 2024, the Company had three customers that accounted for 18%, 14%, and 11%, respectively, of consolidated net sales and as of December 31, 2024, 12%, 6% and 19%, respectively, of total net accounts receivable. For the year ended December 31, 2024, the Company had one vendor that accounted for 10% of our consolidated purchases. These customers and vendors are all in the Company's Distribution segment.

For the year ended December 31, 2023, the Company had two customers that accounted for 20%, and 15%, respectively, of consolidated net sales and as of December 31, 2023, 15% and 6%, respectively, of total net accounts receivable. For the year ended December 31, 2023, the Company had one vendor that accounted for 14% of our consolidated purchases. These customers and vendors are all in the Company's Distribution segment.

Our top five customers accounted for 55%, 54% and 51% of consolidated net sales for the years ended December 31, 2025, 2024 and 2023, respectively.

### 13. Fair Value Measurements

Fair value is defined under US GAAP as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy has been established for valuation inputs to prioritize the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 – observable inputs such as quoted prices for identical instruments traded in active markets.

Level 2 – inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The Company's assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy as of December 31, 2025 and 2024, respectively, are as follows:

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Contingent earn-out	\$ —	\$ —	\$ —	\$ —
Total liabilities	\$ —	\$ —	\$ —	\$ —
As of December 31, 2024				
Liabilities:				
Contingent earn-out	\$ —	\$ —	\$ 5,896	\$ 5,896
Total liabilities	\$ —	\$ —	\$ 5,896	\$ 5,896

[Table of Contents](#)

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Observable or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions based on the best information available. The approach to estimating the contingent earn-out associated with the Company's business combinations uses unobservable factors such as projected cash flows over the term of the contingent earn-out periods.

The Company's investment in treasury bills are measured at fair value on a recurring basis based on quoted market prices in active markets and are classified as level 1 within the fair value hierarchy. The Company's contingent earn-out liability is measured at fair value on a recurring basis and is classified as level 3 within the fair value hierarchy. During the fourth quarter of each year, the Company evaluates goodwill for impairment at the reporting unit level. The Company uses qualitative factors to determine whether it is "more likely than not" that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a goodwill impairment test. This measurement is classified based on level 3 input.

The following table presents the changes in the Company's level 3 financial instruments measured at fair value on a recurring basis:

Balance December 31, 2023	\$	4,189
DSS acquisition - contingent earn-out		1,755
Contingent earn-out paid		(3,638)
Change in fair value of acquisition contingent consideration		3,618
Translation adjustments		(28)
Balance December 31, 2024	\$	5,896
Contingent earn-out paid		(7,240)
Change in fair value of acquisition contingent consideration		1,374
Discount on escrow		(30)
Translation adjustments		—
Balance December 31, 2025	\$	—

#### 14. Subsequent Events

On February 24, 2026, the Company entered into a Share Purchase Agreement (the “Interworks Purchase Agreement”) and purchased one hundred percent of the issued and outstanding share capital of Interworks Single Member SA (“Interworks”), a Greek société anonyme, from Infiterra Holding Limited, a company incorporated in Cyprus, for an aggregate purchase price of approximately €8.0 million (subject to certain adjustments). Interworks is a Greece-based cloud distributor serving reseller markets across Southeastern Europe, including Greece, Malta, Cyprus, Bulgaria, and other regional markets. Interworks serves over 600 cloud reseller and managed service provider relationships, and carefully selected vendor partners. The Interworks Purchase Agreement contains customary representations, warranties, covenants and indemnities. Due to the timing of the closing of the acquisition subsequent to the end of the reporting period, the acquisition is subject to post-closing adjustments and the purchase price allocation is not yet complete.

Climb Global Solutions, Inc. and Subsidiaries  
Schedule II--Valuation and Qualifying Accounts  
(Amounts in thousands)

<b>Description</b>	<b>Beginning Balance</b>	<b>Charged to Cost and Expense</b>	<b>Deductions</b>	<b>Ending Balance</b>
<b>Year ended December 31, 2024</b>				
Allowance for expected credit losses (1)	\$ 709	\$ 128	\$ 249	\$ 588
<b>Year ended December 31, 2025</b>				
Allowance for expected credit losses (1)	\$ 588	\$ 109	\$ 28	\$ 669

(1) Previously referred to as Allowance for doubtful accounts.

**LEASE**

Between

**FOUR INDUSTRIAL WAY HOLDINGS LLC, Landlord**

and

**WAYSIDE TECHNOLOGY GROUP, INC., Tenant**

Dated:

March 4, 2016

**TABLE OF CONTENTS**

1. DEMISE OF PREMISES .....3

2. TERM .....3

3. RENT.....3

4. FIXED RENT ADJUSTMENT.....4

5. SECURITY.....7

6. COMPLETION AND POSSESSION .....7

7. USE OF PREMISES.....9

8. REPAIRS, REPLACEMENTS, ALTERATIONS .....10

9. COVENANTS .....11

10. LANDLORD’S SERVICES.....14

11. ASSIGNMENT, SUBLETTING, ETC. .....16

12. LANDLORD’S RIGHTS .....18

13. DAMAGE BY FIRE, ETC......18

14. CONDEMNATION.....19

15. COMPLIANCE WITH LAWS.....20

16. DAMAGE TO PROPERTY.....21

17. SUBORDINATION .....22

18. NOTICES .....23

19. CONDITIONS OF LIMITATION .....23

20. RE-ENTRY BY LANDLORD.....24

21. DAMAGES.....25

22. WAIVER OF TRIAL BY JURY.....26

23. NO WAIVERS .....27

24. PARTIES BOUND.....27

25.	<u>CURING TENANT'S DEFAULTS</u> .....	28
26.	<u>MORTGAGEE'S NOTICE AND OPPORTUNITY TO CURE</u> .....	28
27.	<u>TENANT'S ENVIRONMENTAL RESPONSIBILITIES UNDER THE NEW JERSEY INDUSTRIAL SITE RECOVERY ACT (ISRA)</u> .....	28
28.	<u>MISCELLANEOUS</u> .....	29
29.	<u>INABILITY TO PERFORM</u> .....	31
30.	<u>ABANDONED PERSONAL PROPERTY</u> .....	31
31.	<u>EXCULPATION</u> .....	31
32.	<u>ARTICLE HEADINGS</u> .....	32
33.	<u>QUIET ENJOYMENT</u> .....	32
34.	<u>HOLDING OVER</u> .....	32
35.	<u>RENEWAL PERIOD</u> .....	32
36.	<u>SIGNAGE</u> .....	34
37.	<u>LANDLORD'S DEFAULTS</u> .....	34
38.	<u>RESERVED PARKING</u> .....	34

AGREEMENT OF LEASE

Between **FOUR INDUSTRIAL WAY HOLDINGS, LLC**, a limited liability company of the State of New Jersey (hereinafter called "Landlord"), and **WAYSIDE TECHNOLOGY GROUP, INC.**, a corporation of the State of Delaware (hereinafter called "Tenant").

PREAMBLE

**BASIC LEASE PROVISIONS AND DEFINITIONS.**

In addition to other terms elsewhere defined in this Lease, the following terms whenever used in this Lease should have only the meanings set forth in this section, unless such meanings are expressly modified, limited or expanded elsewhere herein.

- (1) Date of Lease: March \_\_\_\_\_, 2016
- (2) Exhibits: The following Exhibits attached to this Lease are incorporated herein and made a part hereof:
  - Exhibit A: Floor Plan(s)
  - Exhibit B: Landlord's Work
  - Exhibit C: Tenant's Reserved Parking
- (3) Building: That certain three-story office building containing approximately **80,000** square feet located at 4 Industrial Way West, Eatontown, New Jersey 07724 of which Landlord is the owner in fee simple.
- (4) Premises or Demised Premises:
  - A portion of the 3rd floor, shown as Tenant Area on Exhibit A. The Demised Premises consists of 20,000 +/- rentable square feet, which measurement will be confirmed pursuant to Article 6B. The Building is subject to an add-on-factor of sixteen and ½ percent (16.5%).
- (5) Land: On Tax Assessment Map of the Borough of Eatontown, Monmouth County, New Jersey. Block 3702, Lot 31.
- (6) Term: **Ten (10) years and seven (7) months** (subject to Section 35).
- (7) Fixed Rent: The Annual Fixed Rent shall be \$20.00 per rentable square foot. Fixed Rent shall increase by fifty cents (.50) annually.

- (8) Rent Concession: Landlord shall provide Tenant with seven (7) months of Fixed Rent Concessions to be taken in months 1, 13, 25, 37, 49, 61 and 73 of the Lease Term.
- (9) Utility Charge: The Demised Premises to be separately metered by digital meter. Landlord shall bill Tenant for Tenant's electric usage monthly. Said Utility charge shall be paid in the same manner as Tenant's Rent in accordance with Section 3 of the Lease.
- (10) Tenant's Percentage: **Twenty-five and 00/100 (25%)** percent based upon the square footage set forth in item (4), above. The Tenant's Percentage shall be confirmed pursuant to Article 6.B.
- (11) Base Year: 2016
- (12) Security: \$66,667.00
- (13) **Commencement Date:**
- Anticipated to be July 1, 2016**; provided, however, this date is subject to adjustment in accordance with the provisions of Article 6, below.
- (14) Termination Date: The last day of the one hundred twenty-seventh (127<sup>th</sup>) month of the Lease Term.
- (15) Permitted Use: Executive and General Office, and any other lawful use
- (16) Tenant's Address:

Prior to the Commencement Date:

\_\_\_\_\_  
\_\_\_\_\_

After the Commencement Date:

4 Industrial Way West  
Third Floor  
Eatontown, New Jersey 07724

With a copy to:

McCarter English, LLP  
Four Gateway Center  
100 Mulberry Street  
Newark, NJ 07102  
Attn: David Sorin, Esq.

(17) Landlord's Address: c/o The Donato Group  
2-12 Corbett Way  
Eatontown, New Jersey 07724

(18) Broker: Landlord and Tenant each represent that it dealt with Jones Lang LaSalle as Broker for Tenant in connection with the negotiation, execution and delivery of this Lease who shall be paid a commission by Landlord pursuant to a separate written agreement. Each party shall defend, indemnify and hold the other harmless from and against any claims or demands for any brokerage commissions, finder's fees and/or other compensation resulting from a breach by it of the foregoing representation.

WITNESSETH:

1. DEMISE OF PREMISES. Landlord does hereby lease and demise to Tenant, and Tenant does hereby hire and take from Landlord, upon and subject to the covenants, agreements, terms, provisions and conditions of this Lease, the Premises for the Term together with the non-exclusive right of Tenant to all of the common areas of the Land, including the non-exclusive right to parking at the Demised Premises.

2. TERM. The Term shall commence on the Commencement Date (subject to Article 6 hereof) and shall end on the Termination Date or on such other date as the Term may expire or be terminated pursuant to the provisions of this Lease or pursuant to law. Whenever reference is made in this Lease to "Lease Year", the same shall mean each twelve (12) month period commencing on the Commencement Date or such anniversary thereof and terminated one year after the Commencement Date or such anniversary thereof.

3. RENT.

A. The Fixed Rent shall be payable in equal monthly installments in advance on the first day of each and every calendar month during the Term, plus such additional rent, electric, and other charges as shall become due and payable hereunder, which additional rent and other charges shall be payable as hereinafter provided; all of which shall be paid to Landlord at Landlord's address set forth herein, or at such other place or to such other person as Landlord may designate pursuant to the notice provisions of this Lease, in lawful money of the United

States of America. Fixed Rent, additional rent and other charges hereunder are sometimes collectively referred to herein as "rent".

B. Tenant does hereby covenant and agree to pay the rent herein reserved as and when the same shall become due and payable, without demand therefore and without any counter-claim, set-off or deduction whatsoever (except as specifically set forth herein), and to keep and perform, and to permit no violation of, each and every one of the covenants, agreements, terms, provisions and conditions herein contained on the part and on behalf of Tenant to be kept and performed.

C. There shall be a late charge equal to five percent (5%) on all payments of rent hereunder which are made after the first of the month. The parties agree the foregoing represents fair and reasonable compensation to the Landlord for Landlord's costs incurred if Tenant's fails or refuses to pay rent, the actual amount of which would be impractical to discern.

D. Whenever in this Lease Tenant is required to pay additional rent or other charges to Landlord, Landlord shall have all remedies for the collection thereof that it may have for the non-payment of Fixed Rent hereunder.

E. If, by reason of any of the provisions of this Lease, the obligation of Tenant to commence the payment of rent under this Lease shall be on any day other than the first day of a calendar month, the rent for such calendar month shall be prorated per diem based upon the actual number of days in the applicable month.

4. FIXED RENT ADJUSTMENT.

A. As used in, and for the purposes of this Article:

(i) "Taxes" shall mean real estate taxes and assessments, special or otherwise, levied upon or with respect to the Building and the Land or upon the Fixed Rent or additional rent, imposed by Federal, State or local governments (but shall not include income, franchise, capital stock, estate or inheritance taxes or taxes based on receipts of rentals, unless the same shall be in substitution for or in lieu of a real estate tax or assessment (but only to the extent of the corresponding reduction of taxes payable by Tenant hereunder)) and any personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and appurtenances in, upon or used in connection with the Building and Land for the operation thereof, provided that if, because of any change in the method of taxation of real estate, any other or additional tax or assessment is imposed upon Landlord or upon or with respect to the Land and/or Building or the rents or income therefrom, as or in substitution for or in lieu of any tax or assessment which would otherwise be a real estate tax or personal property tax of the type referred to above, such other tax or assessment shall also be deemed a real estate tax but only to the extent of the corresponding reduction of other taxes. Any taxes resulting from any special improvements, upgrades, or fixturing for any other tenant at the property shall be excluded from the calculation of "taxes".

(ii) "Operating Expenses" shall mean and include those expenses incurred in respect to the operation, maintenance, management and safekeeping of the Land and Building in accordance with accepted principles of sound management and accounting practices

as applied to the operation, maintenance and safekeeping of first class office buildings. Such expenses shall include any and all expenses for capital improvements made to the Land or Building, including, but not limited to, the parking lot; provided, however, that the cost of such capital improvements shall be amortized over the useful life of the same in accordance with generally accepted accounting principles. Accordingly, such amortized amount shall be added to the operating expense for each year of the item's usable life. Such expenses shall not include interest and amortization payments on any mortgage or mortgages, depreciation and rental under any ground or underlying lease or leases and/or any electricity paid for by any tenant of the Building. Operating Expenses shall be limited to the reasonable cost of materials or services provided. Notwithstanding anything to the contrary contained herein, Operating Expenses shall not include: ground lease rents; depreciation; interest; principal payments of mortgage and other non-operating debts of Landlord; property and/or building management fees in excess of 5% of the Fixed Rent; the cost of repairs or other work to the extent Landlord is reimbursed by insurance (or would be covered if the insurance required hereunder were in place) or condemnation proceeds; cost of services provided to less than all tenants of the Building; costs reimbursed by specific tenants of the Building; costs in connection with leasing space in the Building, including brokerage commissions; lease concessions, including rental abatements and construction allowances, granted to specific tenants; costs incurred in connection with the sale, financing or refinancing of the Building; fines, interest and penalties incurred due to the late payment of real estate taxes or Operating Expenses, violations of any federal, state or local law, statute or ordinance, or any rule, regulation, judgment or decree of any governmental rule or authority; costs and expenses associated with the investigation, monitoring, removal, cleanup or remediation of any hazardous materials; any restoration in connection therewith or compliance with any environmental laws; costs of insurance deductibles or self-insurance; duplicative charges; costs for services provided by any affiliate of Landlord the cost of which is in excess of that for services provided pursuant to an arm's-length contract; organizational expenses associated with the creation and operation of the entity which constitutes Landlord; any penalties or damages that Landlord pays to Tenant under this Lease or to other tenants in the Building under their respective leases; costs of original construction of the Building or any expansion, remodeling or renovation thereof (as distinguished from maintenance and repair) and costs of correcting defects therein; expenses resulting from the negligence of Landlord, its agents, servants or employees; any items for which Landlord is or is entitled to be reimbursed or compensated; the cost of compliance with legal requirements (including, without limitation, the Americans With Disabilities Act); costs of replacing, repairing or restoring the Property or any portion thereof in the event of a casualty of any type, regardless of whether insurable or uninsurable, insured or uninsured.

(iii) "Base Expenses" shall mean the Operating Expenses for the Base Year.

(iv) "Lease Year" shall mean each calendar year in which occurs any part of the Term subsequent to the Base Year.

(v) "Tax Year" shall mean each calendar year in which occurs any part of the Term.

B. Within 120 days after the end of each Lease Year, Landlord will furnish Tenant a statement which shall show a comparison of the Operating Expenses for the preceding Lease Year to the Base Expenses. On the first day for the payment of Fixed Rent hereunder following the furnishing of such comparative statement which is at least thirty (30) days following the furnishing of such statement, (i) Tenant shall pay to Landlord a sum (the "Operating Expense Increase") equal to the Operating Expenses for the preceding calendar year less the Base Expenses multiplied by Tenant's Percentage, (ii) Tenant shall pay to Landlord a sum equal to one-twelfth (1/12th) of the expense increase multiplied by the number of months then elapsed commencing with the first day of the current Lease Year and, in advance, one-twelfth (1/12th) of the expense increase in respect of the then current month; and (iii) thereafter, until a different comparative statement shall be submitted to Tenant as above provided, the monthly installments of Fixed Rent payable under this Lease shall be increased by an amount equal to one-twelfth (1/12th) of the expense increase.

C. At the end of the Base Year, Landlord will furnish Tenant a statement which shall show a comparison of the taxes for the then current Tax Year over the Base Year. The increase, if any, of taxes for the then current Tax Year over the tax base, when multiplied by Tenant's Percentage, is herein referred to as the "tax increase". On the first day for the payment of Fixed Rent hereunder following the furnishing of such comparative statement which is at least thirty (30) days following the furnishing of such statement, (i) Tenant shall pay to Landlord a sum equal to one-twelfth (1/12th) of the tax increase multiplied by the number of months elapsed commencing with the first day of the then current Tax Year and, in advance, one-twelfth (1/12th) of the tax increase in respect of the then current month; and (ii) thereafter, until a different comparative statement shall be submitted to Tenant as above provided, the monthly installments of Fixed Rent payable under this Lease be increased by an amount equal to one-twelfth (1/12th) of the tax increase.

D. If Tenant shall dispute in writing any specific item or items included by Landlord in any statement furnished by Landlord to Tenant and such dispute is not amicably settled between the Landlord and Tenant within thirty (30) days after statement therefor has been rendered, Tenant shall continue to pay such disputed amount, without right of setoff, until such time as the parties have reached a final resolution of the issue whether through negotiation, settlement or judicial intervention.

E. If during all or part of any Lease Year, including the Base Year, Landlord shall not furnish any particular item(s) of work or service (which would constitute an Operating Expense hereunder) to portions of the Building, because construction of the Building is not completed, or such portions are not occupied or leased, or because such item of work or service is not required or desired by the tenant of such portion, or such tenant is itself obtaining and providing such item of work or service, or for other reasons, then, for the purpose of computing the amount of the total Operating Expense for such Lease Year (including the Base Year), the amount of the expenses for such item for such period shall be increased by an amount equal to the additional operating and maintenance expenses that reasonably would have been incurred during such period by Landlord if the Building during that year enjoyed a ninety-five (95%) percent occupancy rate.

F. Landlord shall keep, for a period of two (2) years after statements are rendered as provided in this Article 4, records in reasonable detail of the items covered by such statements and shall permit Tenant, upon the giving of reasonable prior notice, to examine and audit such records to verify such statements, at reasonable times during Business Hours. If an audit reveals that Landlord's calculation of the annual Operating Expense or Tenant's tax increase has been overstated, Landlord shall refund any overpayment to Tenant, which refund, at Tenant's option, may be paid via a credit against future obligations of Tenant; and if any such increase has been overstated by more than five percent (5%), Landlord shall reimburse Tenant for the reasonable cost of such audit, not to exceed thirty-three percent (33%) of the amount of such overstatement.

5. SECURITY. Tenant has deposited the Security with Landlord as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease. It is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this Lease, including, but not limited to, the payment of rent, beyond any applicable notice and/or cure period, Landlord may use, apply or retain the whole or any part of the Security to the extent required for the payment of any rents as to which Tenant is in default beyond any applicable notice and/or cure period or for any sum which Landlord may expend or may be required to expend in accordance with this Lease by reason of Tenant's default beyond any applicable notice and/or cure period in respect of any of the terms, covenants and conditions of this Lease, including, but not limited to, any damages or deficiency in the re-letting of the Premises as permitted herein. To the extent that Landlord, during the Term hereof, so uses, applies or retains all or any part of the Security, Tenant shall, within five (5) days after written notice restore the Security to its original amount. The Security (less any portions thereof used, applied, or retained by Landlord in accordance with the provisions of this Article 5) shall be returned to Tenant within thirty (30) days after the termination date (or after such other date when the Term may expire or be terminated, without the fault of Tenant, pursuant to the provisions of this Lease or pursuant to law) and after delivery of entire possession of the Premises to Landlord in accordance with the provisions of this Lease. In the event of a sale or leasing of the Land and Building, Landlord shall transfer the Security to the vendee or lessee, and Landlord, upon assumption of the security by vendee or lessee by written agreement, shall thereupon be released by Tenant from all liability for the return of such Security, and Tenant agrees to look to the new Landlord solely for the return of said Security. It is agreed that the provisions hereof shall apply to every such transfer or assignment made of the Security. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the Security and that neither Landlord nor its successors and assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

6. COMPLETION AND POSSESSION.

A. Landlord shall exercise reasonable diligence and shall use best efforts to complete the items set forth on Exhibit B, entitled "Landlord's Work", on or before **July 1, 2016** ("Anticipated Commencement Date") subject to delay by causes beyond the reasonable control of Landlord or by the action or inaction of Tenant. Landlord shall provide Tenant with a build out the cost of which shall not exceed forty-two dollars (\$42.00) per rentable square foot ("Improvement Allowance") towards the Landlord's Work. Any additional costs above the Improvement Allowance approved by Tenant shall be at Tenant's sole cost and expense. The

following items shall be specifically excluded from the Landlord's Work: data and furniture wiring, data infrastructure, access control systems, furniture, security/ access control systems, supplemental HVAC and backup Generators ("Tenant's Work"). Tenant, by executing this Lease hereby approves Tenant's floor plan as set forth on Exhibit A and the Landlord's Work as set forth on Exhibit B. If Landlord is unable to deliver possession on or before the Anticipated Commencement Date, then Tenant shall be entitled to one (1) day's abatement of Rent for each day of such delay until the Commencement Date, except to the extent such delay is caused by Tenant's failure to act within any time frame specified herein with regard to Landlord's Work. Tenant shall have the right to terminate this Lease upon **thirty (30)** days' written notice to Landlord, provided during said **thirty (30)** day notice period, Landlord shall have the right to deliver the Demised Premises in accordance with the terms of this Lease and, in such case, the delivery of the Demised Premises shall nullify Tenant's termination notice. Should Landlord fail to deliver the Demised Premises within **thirty (30)** days after Tenant's notice, this Lease shall terminate and Landlord will promptly return to Tenant any prepaid Rent. Notwithstanding the foregoing, Tenant agrees not to terminate this Lease before October 1, 2016, provided Landlord has diligently pursued and continues to diligently pursue completion of Landlord's Work and Landlord's Work can reasonably be completed by October 1, 2016. The parties hereto agree that this Article 6 constitutes an express provision as to the time in which Landlord has to complete Landlord's Work and, except as expressly set forth herein to the contrary, Tenant hereby waives any rights to rescind this Lease which Tenant might otherwise have pursuant to any law now or hereafter in force.

B. The Premises shall be deemed substantially complete upon the issuance of a certificate of occupancy (temporary, if the conditions to same do not unreasonably interfere with the Tenant's use and enjoyment of the Premises, or final) following completion of Landlord's Work. Upon such substantial completion, Landlord shall have the Premises measured in accordance with ANSI BOMA standards, which shall determine the rentable area of the Premises for all purposes hereunder.

C. Except as expressly permitted by Paragraph E. below, Tenant, by entering into possession of the Premises and the use thereof for its operations, shall be conclusively deemed to have agreed that Landlord up to the time of such possession has performed all of its obligations hereunder and that the Premises are in satisfactory condition as of the date of such possession, subject to punch list items and latent defects. Tenant shall be required to furnish Landlord with a punch list for the Premises within 30 days after occupancy. Landlord shall complete Tenant's construction punch list within thirty (30) days after receipt of the punch list.

D. In the event possession of the Premises is delivered to Tenant pursuant to this Article 6 on a day other than the Commencement Date set forth in the Preamble to this Lease (herein referred to as the "Possession Date"), then the Commencement Date shall be deemed to be the same day as the Possession Date and the Termination Date set forth in the Preamble to this Lease shall be adjusted accordingly and the Term of the Lease, as also set forth in said Preamble, shall remain the same. For purposes of this Article 6D, the term "possession" shall mean Tenant's occupancy for the purpose of conducting business, and not merely Tenant's access to complete Tenant's Work as contemplated in Article 6E, below.

E. Tenant shall have the right to enter into the Demised Premises at any time prior to the Commencement Date to complete its initial installation of such things as furniture, telephone and computer wiring, installation of trade fixtures, equipment and any other work which may be approved by Landlord. Tenant's right to enter into the Demised Premises prior to the Commencement Date shall be subject to the following limitations:

(i) Tenant shall only use insured professional contractors to complete any work in the Demised Premises;

(ii) Any work to be completed prior to the Commencement Date shall be coordinated with and through Landlord so as not to interfere with Landlord's operations; and

(iii) Tenant's work in the Demised Premises shall not be performed at such times or in such manner so as to delay Landlord in completion of the Landlord's Work.

7. USE OF PREMISES.

A. The Premises shall be used and occupied only for the Permitted Use described in the Preamble to this Lease and for no other use or purpose. Tenant shall not use or permit the use of the Premises or any part thereof in any way which would violate any certificate of occupancy for the Building or Premises, or any of the covenants, agreements, terms, provisions and conditions of this Lease or for any unlawful purposes or in any unlawful manner and Tenant shall not suffer or permit the Premises or any part thereof to be used in any manner or anything to be done therein or suffer or permit anything to be brought into or kept in the Premises which, in the reasonable judgment of Landlord, shall in any way impair or materially and adversely affect any of the Building services or the proper and economical heating, cleaning, air conditioning or other servicing of the Building or the Premises, or impair or materially and adversely affect the use of any of the other areas of the Building by, or occasion unreasonable discomfort, inconvenience or annoyance to, any of the other tenants or occupants of the Building.

B. If any governmental license or permit (other than the certificate of occupancy required to be obtained by Landlord pursuant to Article 6 hereof, if required by the applicable municipality) shall be required for the proper and lawful conduct of Tenant's business or other activity carried on in the Premises, and if the failure to secure such license or permit would, in any way, affect Landlord, Tenant, at Tenant's expense, shall duly procure and thereafter maintain such license or permit and submit the same to inspection by Landlord. Tenant, at Tenant's expense, shall, at all times, comply with the terms and conditions of each such license or permit.

C. If by reason of failure of Tenant to comply with the provisions of this Lease, including but not limited to the manner in which Tenant uses or occupies the Premises, the rate for any insurance Landlord is required hereunder to carry shall be higher than it otherwise would be, then Tenant shall reimburse Landlord, as additional rent hereunder, for that part of such insurance premiums thereafter paid or incurred by Landlord, which shall have been charged because of such failure by Tenant, and Tenant shall make such reimbursement upon the first day of the first full month following the billing to Tenant of such additional cost by

Landlord. Landlord represents and warrants that Tenant's use of the Premises for the Permitted Use shall not cause an increase in Landlord's insurance rates.

8. REPAIRS, REPLACEMENTS, ALTERATIONS.

A. Tenant shall take good care of the Demised Premises and the fixtures and appurtenances therein. Tenant shall make, at its own expense, all repairs and replacements required to keep the Demised Premises and fixtures in good working order and condition except (1) structural and roof repairs, (2) maintenance, repair and replacement (as necessary) of building systems located outside of or serving areas other than the Demised Premises, (3) repairs as may be required of Landlord in furnishing the services specified in Article 10 hereof, and (4) repairs and alterations required to be made by Landlord pursuant to Article 13 hereof. The cost of all of the foregoing shall be deemed "Operating Expenses", subject to the provisions of Article 4A (ii), above.

All repairs made by Tenant shall be at least equal in quality to the work currently incorporated into the Demised Premises. Tenant shall not make any structural installations, alterations, additions or improvements in or to the Demised Premises without first obtaining Landlord's written consent thereto not to be unreasonably withheld, conditioned or delayed, and shall make the same and all structural repairs only between such hours and by such contractors or mechanics as may be supplied or approved by Landlord in its reasonable discretion. Non-structural installations, alterations additions and improvements shall not require Landlord's prior written consent. All alterations, decorations, installations, additions or improvements upon the Demised Premises made by either party (including but not limited to paneling, partitions, railings, and the like), except Tenant's furniture and trade fixtures, shall, unless Landlord elects otherwise become the property of Landlord and shall remain upon, and be surrendered with, said Premises, as a part thereof, at the end of said Term or Renewal Term, as the case may be. Notwithstanding anything to the contrary in the foregoing or otherwise in this Lease, the Tenant shall not be required to obtain the Landlord's consent to any repair, replacement, alteration, improvement or addition that costs less than **\$25,000.00** per annum in the aggregate.

B. If, because of any acts or omission of Tenant or anyone claiming through or under Tenant, any mechanic's or other lien or order for the payment of money shall be filed against the Demised Premises, the Land or the Building, or against Landlord (whether or not such lien or order is valid or enforceable as such), Tenant shall, at Tenant's own cost and expense, cause the same to be canceled and discharged of record or bonded within sixty (60) days after the Tenant receives a notice of filing thereof, and shall, in the event it is due to Tenant, also indemnify and save harmless Landlord from and against any and all costs, expenses, claims, losses or damages, including reasonable counsel fees, resulting therefrom or by reason thereof.

C. In the event Tenant makes any repairs, replacements, or alterations in or to the Demised Premises, any contractors or subcontractors employed by Tenant shall use commercially reasonable efforts to minimize jurisdictional disputes with any labor unions or strikes against or involving the Landlord or the Building. Tenant will inform Landlord, in writing, of the names of contractors and/or subcontractors Tenant proposes using to do work on its behalf within the Building at least seven (7) days prior to the beginning of any permitted work to the extent notice and consent of Landlord is required. Landlord reserves the right to reject any

proposed contractors and/or subcontractors Landlord reasonably believes will cause a labor dispute. In the event of any strike or dispute, Tenant will cause any persons involved in such work to leave the Demised Premises immediately after receipt of notice from Landlord demanding the same.

D. Landlord shall allow Tenant to install an Auxiliary Generator on the Premises at Tenant's sole cost and expense for their proprietary use. Tenant must obtain Landlord's reasonable approval as to the location of said Auxiliary Generator. Tenant may, at its option, remove such generator at any time during the Term.

9. COVENANTS.

A. Tenant covenants and agrees that Tenant will:

(i) Faithfully observe and comply with any Rules and Regulations which Landlord may make and may communicate in writing to Tenant, which, in the reasonable judgment of Landlord, shall be necessary or desirable for the reputation, safety, care or appearance of the Land and Building, or the preservation of good order therein, or the operation, maintenance or safekeeping of the Land and Building, or the equipment thereof, or the comfort of tenants or others in the Building; provided, however, that (i) in the case of any conflict, the provisions of this Lease shall control, (ii) provided that the Rules and Regulations are evenly applied to all tenants, nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations upon any other tenant, its servants, employees, agents, visitors, invitees, subtenants or licensees.

(ii) Upon 24 hours prior notice (except in an emergency), permit Landlord and any mortgagee of the Building or of the Building and the Land or of the interest of Landlord therein and any lessor under any ground or underlying lease, and their representatives, to enter the Premises at all reasonable hours, for the purposes of inspection, or of making repairs, replacements or improvements in or to the Premises or the Building or equipment, or of complying with any laws, orders, and requirements of governmental or other authority or of exercising any right reserved to Landlord by this Lease, provided Landlord shall not store within the Premises any materials, tools or equipment. Tenant may require Landlord as a condition of such right of entry to require a representative of Tenant to accompany Landlord. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord or any mortgagee of Landlord's interest in the Land and/or Building, any obligation, responsibility or liability whatsoever for the care, supervision or repair of the Premises or Building or any parts thereof other than as herein provided. Landlord will use commercially reasonable efforts to minimize interference with Tenant's operations at the Demised Premises.

(iii) Make no claim against Landlord for any injury or damage to Tenant or to any other person for any damage to, or loss (by theft or otherwise) of, or loss of use of, any property of Tenant or of any other person, unless caused by the negligence, acts or omissions of Landlord, its employees, agents or servants.

(iv) Not bring or keep in the Premises any property other than such as might normally be brought upon or kept in the Premises as an incident to the reasonable use of the Premises for the purposes herein specified.

(v) Not violate, or permit the violation of, any reasonable conditions imposed by Landlord's insurance carriers, and not do anything or permit anything to be done, or keep anything or permit anything to be kept, in the Premises, which would increase the insurance rates on the Building or the property therein, or which would result in insurance companies of good standing refusing to insure the Building or any such property in amounts and against risks as reasonably determined by Landlord.

(vi) Permit Landlord, upon prior reasonable notice during Business Hours with the six (6) month period immediately preceding the termination date with respect to all or any part of the Premises, to show the same to prospective new tenants. Landlord will use commercially reasonable efforts to minimize interference with Tenant's operations at the Demised Premises.

(vii) Quit and surrender the Premises at the expiration or earlier termination of the Term in good condition, broom clean, reasonable wear and tear and damage that is not Tenant's obligation hereunder to repair excluded; and shall remove all installations, alterations, additions and improvements, including partitions which may have been installed by Tenant, subject to Landlord's exercise of the election provided in Article 8, and Tenant's removable trade fixtures and furniture. Tenant's obligations to observe and perform this covenant shall survive the said expiration or earlier termination of this Lease. Landlord agrees Tenant shall not be required to remove or restore the initial Landlord's Work.

(viii) At any time and from time to time upon not less than ten (10) days prior notice by Landlord to Tenant, execute, acknowledge and deliver to Landlord, or to anyone Landlord shall designate, a statement of Tenant (or if Tenant is a corporation, an appropriate officer of Tenant) in writing certifying to the extent accurate that this Lease is unmodified and in full force and effect except as modified (and stating the modifications), and the dates to which rent has been paid in advance, if any, and stating whether or not, to the current actual knowledge of the signer of such certificate, without independent investigation, Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge; it being intended that any such statement delivered pursuant hereto may be relied upon by any lessor under any ground of underlying lease, or any lessee or mortgagee, or any prospective purchaser, lessee, mortgagee, or assignee of any mortgage, of the Building and/or the Land or of Landlord's interest therein.

(ix) Except for any negligent or intentional acts of Landlord, indemnify and save harmless Landlord against and from any and all claims by or on behalf of any person or persons, firm or firms, corporations, arising from the conduct or management of or from any work or thing whatsoever done by or on behalf of Tenant in or about the Demised Premises as well as from the use and occupancy of the Premises by Tenant, and further indemnify and save Landlord harmless against and from any and all claims arising from breach or default beyond applicable notice and/or cure period on the part of Tenant in the performance of any covenant or

agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or arising from any act or negligence of Tenant, or any of its agents, contractors, servants, employees or licensees. Notwithstanding anything to the contrary in the foregoing or elsewhere in this Lease providing for the Tenant's indemnification of the Landlord, in any such case same shall mean that the Tenant shall assume the liability for, defend with counsel selected by the Tenant (but reasonably acceptable to the Landlord) and at the Tenant's cost and/or its insurer's cost hold the Landlord harmless from and against any such claim, demand or liability. The Tenant shall have the full and sole right to control, settle, and/or compromise any claims, demands, liabilities, penalties, losses, expenses, damages, costs, causes of action, or any other matters for which it so assumes the liability, provided such settlement or compromise of claim does not place any burden, financial or otherwise, on Landlord.

(x) Not place this Lease on record without the prior written consent of Landlord. At the request of Landlord, Tenant will execute a memorandum of lease for recording purposes containing references to such provisions of this Lease as Landlord, in its sole discretion, shall deem necessary.

(xi) During the Term hereof, maintain and deliver to Landlord commercial general liability and personal property damage insurance policies (or certificates thereof) with respect to the Premises, in which Landlord, Tenant and Landlord's mortgagee and/or ground lessor, if required, shall be named as additional insureds, for a minimum of One Million (\$1,000,000) Dollars combined single limit for coverage purposes only, with no obligation on the part of Landlord, Landlord's mortgagee and/or ground lessor to pay premiums. Such policy or policies shall be in such form and with such insurance companies as shall be reasonably satisfactory to Landlord with provision for at least thirty (30) days notice to Landlord of cancellation and shall name Landlord as additional insured. At least ten (10) days before the expiration of any such policy, Tenant shall supply Landlord with a substitute therefor with evidence of payment of the premiums thereof. If such premiums shall not be so paid and/or the policies therefor shall not be so delivered, then upon at least five (5) business days' written notice, Landlord may procure and/or pay for the same and the amounts so paid by Landlord shall be added to the installment of rent becoming due on the first of the next succeeding month and shall be collected as additional rent hereunder.

B. Landlord covenants and agrees that Landlord will:

(i) At any time and from time to time upon not less than ten (10) days prior notice by Tenant, execute, acknowledge and deliver to Tenant, or to anyone Tenant shall designate, a statement of an appropriate officer of Landlord in writing certifying to the extent accurate that this Lease is unmodified and in full force and effect except as modified (and stating the modifications), and the dates to which rent has been paid in advance, if any, and stating whether or not, to the current actual knowledge of the signer of such certificate, without independent investigation, Tenant is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge; it being intended that any such statement delivered pursuant hereto may be relied upon by any sublessee hereunder or assignee hereof or any prospective purchaser or mortgagee of Tenant's interest herein.

(ii) Except for any negligent or intentional acts of Tenant, indemnify and save harmless Tenant against and from any and all claims by or on behalf of any person or persons, firm or firms, corporations, arising from the conduct or management of or from any work or thing whatsoever done by or on behalf of Landlord or occurring outside the Demised Premises, and further indemnify and save Tenant harmless against and from any and all claims arising from breach or default beyond applicable notice and/or cure period on the part of Landlord in the performance of any covenant or agreement on the part of Landlord to be performed pursuant to the terms of this Lease, or arising from any act or negligence of Landlord, or any of its agents, contractors, servants, employees or licensees. Notwithstanding anything to the contrary in the foregoing or elsewhere in this Lease providing for the Landlord's indemnification of the Tenant, in any such case same shall mean that the Landlord shall assume the liability for, defend with counsel selected by the Landlord (but reasonably acceptable to the Tenant) and at the Landlord's cost and/or its insurer's cost hold the Tenant harmless from and against any such claim, demand or liability. The Landlord shall have the full and sole right to control, settle, and/or compromise any claims, demands, liabilities, penalties, losses, expenses, damages, costs, causes of action, or any other matters for which it so assumes the liability, provided such settlement or compromise of claim does not place any burden, financial or otherwise, on Tenant.

(iii) Landlord shall procure and maintain throughout the Term (a) commercial general liability insurance typically carried by prudent lessors of properties similar to the Building, including contractual liability coverage, covering bodily injury and property damage liability and, unless insured under a business automobile policy, automobile ownership, non-ownership and hired car liability; (b) workers' compensation and other statutory disability insurance as required by the state in which the Building is located covering all employees of the Landlord; and (c) special form property insurance covering the Building and all other improvements against risks of direct physical loss or damage including without limitation, fire, lightning, vandalism, terrorism, earthquake, sinkhole collapse, subsidence, flood, windstorm, collapse, debris removal, loss occasioned by operation of building laws including demolition and increased cost of construction for the full replacement value thereof without deduction for physical depreciation, including resulting loss of rental income, and with such deductible amounts as the Landlord shall reasonably deem advisable. Such insurance will not include coverage on any property belonging to Tenant (except that Landlord's insurance shall cover reconstruction to a so-called vanilla shell condition plus all Landlord's Work and any alterations performed by or on behalf of Tenant that have become Landlord's property pursuant to the terms hereof or applicable law) nor will it cover any resulting loss of use or loss of Tenant's business income. Landlord's insurance may also include such other or additional insurance (as to risks covered, policy amounts, policy provisions or otherwise) as Landlord reasonably deems appropriate and as are then commonly insured against with respect to similar properties in similar locations.

10. LANDLORD'S SERVICES. During the Term and any renewal term, Landlord shall furnish the following services:

A. Heating and cooling during "Business Hours" on "Business Days" (as those terms are hereinafter defined) when, in the reasonable judgment of Landlord, consistent with other Class "A" office buildings in the eastern Monmouth submarket, it may be required for

the comfortable occupancy of the Demised Premises. At other times during Business Days and similar hours, Landlord shall provide ventilation for the Demised Premises. Tenant at all times agrees to cooperate fully with Landlord and to abide by all regulations and requirements which Landlord may reasonably prescribe for the proper functioning and protection of its heating, air conditioning and ventilation systems. Landlord shall have free access to any and all mechanical installations of Landlord, including but not limited to air conditioning, fans ventilating and machine rooms and electrical closets; and Tenant agrees that there shall be no construction of partitions or other obstructions which might interfere with Landlord's full access thereto, or interfere with the moving of Landlord's equipment to and from the enclosures containing said installations. Tenant agrees that Tenant, its agents, employees or contractors shall not at any time enter the said enclosures or tamper with, adjust, touch or otherwise in any manner affect Lessor's said mechanical installations without Landlord's prior consent.

B. During Business Hours Landlord shall maintain the common areas to a temperature of not less than 68 degrees (provided outdoor temperature is not less than 0 degrees Fahrenheit) and not greater than 72 degrees (provided outdoor temperature is no more than 90 degrees Fahrenheit).

C. Cold and hot water at standard building temperatures to all common lavatories, as well as the kitchen located within the Demised Premises, for ordinary drinking, cleaning, sanitary and lavatory purposes.

D.

1. Tenant shall make no substantial alterations or additions to the electric equipment and/or appliances except as permitted in Section 8.

2. Landlord shall not in any way be responsible or liable to Tenant at any time for any loss, damage or expense resulting from any change in the quantity or character of the electric service or for its being no longer suitable for Tenant's requirements or from any cessation or interruption of the supply or current (except as a result of negligence or willful misconduct of Landlord, its employees, agents or contractors), nor shall any such loss, damage or expense, or non supply of electric service or current in any way affect the tenancy or in any way relieve Tenant of any obligation under the terms of this Lease.

3. Tenant shall make no changes, alterations, additions, substitutions ("changes") to any risers, conduits, meters, panel boxes, switch gear, wiring or any other part of the electric service without the express prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed. Any changes requested by Tenant shall be sent in writing to Landlord, and if, in the reasonable judgment of Landlord, such changes will not cause or create a dangerous or hazardous condition or damage or injury to the Building, or entail excessive or unreasonable alterations or repairs, or interfere with or disturb other tenants or occupants and/or the service then or thereafter to be supplied to tenants or occupants, Landlord will, at the sole cost and expense of Tenant, make such changes. Tenant covenants and agrees to pay Landlord for such costs and expenses, as additional rent hereunder, within thirty (30) days after receipt of a bill indicating the amount due therefor.

E. Electrical lighting, cleaning and maintenance of the common areas of the Building and Land, including landscaping, parking lot cleaning and ice and snow removal from all parking areas, steps, walkways, etc.

F. Landlord shall provide HVAC services to Tenant beyond Business Hours provided that (i) Tenant pays to Landlord, as additional rent, a special charge not to exceed \$75 per hour (herein referred to as "extra hours charge"), (ii) Tenant's request for the same shall be received by Landlord prior to 2:00 P.M. on the day on which extra hours service is required after Business Hours on weekdays, prior to 2:00 P.M. on the day preceding any required extra hours service before Business Hours on weekdays, and prior to 2:00 P.M. of the prior Business Day if extra hours service is required before or after Business Hours on a Saturday, Sunday or holiday. Notwithstanding the foregoing, Landlord shall ensure one elevator remains in service at all times.

G. The term "Business Hours", as used in this Lease, shall mean all times between 7:00 A.M. and 7:00 P.M. on Monday to Friday and Saturday from 9:00 A.M. to 1:00 P.M., excluding all days observed by the State or Federal governments (herein called "holidays"); provided, however, that Martin Luther King's Birthday, President's Day, Good Friday, Columbus Day, Election Day and Veterans Day shall not be "holidays" for purposes of this Lease even though they are observed by the State or Federal governments. Tenant shall, however, have access to the premises 24 hours a day, 7 days a week, but Landlord shall not be required to furnish HVAC services during other than Business Hours on Business Days unless Tenant has requested the same in accordance with sub-section (H)(i) above.

H. Landlord reserves the right, without being liable to Tenant and without abatement or diminution in rent, to suspend, delay or stop any of the building services to be furnished and provided by Landlord under this Lease whenever necessary by reason of fire, storm, explosion, casualty or accident, acts of God or the public enemy, riots, interferences by civil or military authorities in compliance with the laws of the United States of America or with the laws, orders or regulations of any governmental authority, or by reason of any other cause beyond Landlord's reasonable control, or for emergency, or for inspection, cleaning, repairs, replacements, alterations, improvements or renewals which in Landlord's reasonable judgment are desirable or necessary to be made. Landlord agrees, however, to use its best efforts and to act with all due diligence to restore or have restored any services which may be suspended, delayed or stopped pursuant to this subparagraph. However, Landlord does agree to provide a rent abatement for a service interruption of more than five (5) consecutive business days.

11. ASSIGNMENT, SUBLETTING, ETC.

A. Tenant, for itself, its heirs, executors, administrators, successors and assigns, expressly covenants that it shall not assign, mortgage or encumber this Lease, nor underlet, or suffer or permit the Demised Premises or any part thereof to be used by others without the prior written consent of Landlord in each instance which consent shall not be unreasonably withheld, conditioned or delayed. If this Lease be assigned, or if the Demised Premises or any part thereof be underlet or occupied by anyone other than Tenant, Landlord may, after default by Tenant (and expiration of all applicable notice and cure periods), collect rent from the assignee, undertenant or occupant and apply the net amount collected to the rent

herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, undertenant or occupant as Tenant, or a release of Tenant from the further performance by Tenant of all covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or underletting, nor shall the same release or discharge Tenant from any liability, past, present or future, under this Lease, and Tenant shall continue fully liable in all respects hereunder.

B. Except in the event of an assignment or sublease not requiring Landlord's consent per Section 11(D), if Tenant intends to and has entered into a proposed assignment of this Lease, such assignment shall be subject to the provisions of this Article 11 and Tenant shall send Landlord a written notice ("Tenant's Notice of Intention") advising Landlord of Tenant's intention to finalize the assignment in accordance with the terms of that instrument and an executed copy of the proposed assignment. Landlord shall have a period of ten (10) business days after receipt from Tenant of such Notice to advise Tenant that Landlord consents or refuses to consent (specifying the basis for such refusal) to such proposed assignment.

C. Landlord agrees that it shall not unreasonably withhold, condition or delay its consent to the proposed assignment, provided, however, that Landlord shall not be deemed unreasonable if it refuses to consent to any proposed assignment of the Lease if, in the reasonable judgment of Landlord, the business of such proposed assignee is not compatible with the type of occupancy of the Building, or such business will create materially increased use of the common facilities of the Building or conflict with the provisions of any other lease or agreement affecting the Building. The use of the Premises for the Permitted Use shall be deemed to comply with this provision.

D. Notwithstanding Sections 11(A), (B) and (C) above, Tenant, without Landlord's prior written consent thereto and without being subject to the provisions of Paragraph B of this Article 11, shall have the right to assign this Lease or sublet the Premises to, or allow the Premises to be otherwise occupied by, any parent, subsidiary, affiliate, group or division of Tenant, a successor by merger or a purchaser of all or substantially all of Tenant's assets, provided, however, that no such assignment or subletting shall be deemed to relieve it of liability for the full and faithful performance of all the terms and conditions on its part to be performed under this Lease. In addition, Tenant shall have the right, without the consent of Landlord, to assign this Lease or to sublet all or any portion of the Premises to Tenant's parent corporation; a corporation owned or directly or indirectly controlled by Tenant's parent corporation; a wholly-owned subsidiary of Tenant or any of Tenant's direct or indirect subsidiaries; a corporation which acquires all or substantially all of the assets of the Tenant; a corporation which acquires all or a majority of the outstanding stock of Tenant; or to any corporation resulting from the consolidation or merger of Tenant named herein, into or with any other business organization. In the event of any such assignment, Tenant shall remain liable under the terms of this Lease.

E. In the event Tenant assigns this Lease, as permitted by this Article 11, (other than pursuant to Section 11(D)) such assignment shall not be deemed effective or binding on Landlord unless there is delivered to Landlord within five (5) days of the execution of such assignment, a duplicate, executed copy of such assignment and a duplicate, executed copy of an

agreement on the part of the assignee, satisfactory to Landlord in its reasonable discretion, to the effect that the assignee agrees to and shall assume all of the obligations on the part of Tenant to be kept, observed and performed pursuant to this Lease. Consent by Landlord to any assignment or sublease shall not, nor shall it be deemed to, relieve or release the assigning Tenant from liability for the full and faithful performance of all the terms, covenants, provisions and conditions required to be performed under this Lease by "Tenant" for the remainder of the term. No oral or verbal assignment, or sublease or receipt by Landlord of any payment of rental or other amounts, or acceptance by Landlord of performance of Tenant's obligations hereunder by any purported assignee or sublessee, shall be deemed a waiver of any obligation of Tenant hereunder.

12. LANDLORD'S RIGHTS. Without abatement or diminution in rent, Landlord reserves and shall have the following additional rights:

A. To change the street address and/or the name of the Building and/or the arrangement and/or location of entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets, or other public parts of the Building without liability to Tenant, provided that Tenant's use and enjoyment of the Premises are not adversely affected thereby and Landlord reimburses the Tenant for Tenant's out of pocket cost due to such change of address including but not limited to new stationery and business cards.

B. At any time or times Landlord, either voluntarily or pursuant to governmental requirement, may, at Landlord's own expense, make repairs, alterations or improvements in or to the Building or any part thereof and during alterations, may close entrances, doors, windows, corridors, elevators or other facilities, provided that such acts shall not unreasonably interfere with Tenant's use and occupancy of the Premises or Tenant shall have the remedies set forth in Section 10I.

C. To erect, use and maintain, at Landlord's expense, pipes, ducts, shafts and conduits in and through the existing walls, floors and ceilings of the Demised Premises, provided same do not unreasonably interfere with Tenant's use and occupancy of the Demised Premises.

D. To charge to Tenant any reasonable expense, as additional rent, including overtime cost, incurred by Landlord in the event that repairs, alterations, decorating or other work in the Premises are made or done after Business Hours at Tenant's request.

E. Subject to the following sentence Landlord may exercise any or all of the foregoing rights thereby reserved to Landlord without being deemed guilty of an eviction, actual or constructive, or disturbance or interruption of Tenant's use or possession and without limitation or abatement of rent or other compensation and such acts shall have no effect on this Lease. Landlord agrees to use commercially reasonable efforts in each case, to minimize interference with Tenant's business at the Demised Premises or Tenant shall have the remedies set forth in Section 10I.

13. DAMAGE BY FIRE, ETC.

A. If the entire Premises or any part thereof shall be damaged by fire or other casualty, Landlord shall advise Tenant of Landlord's general contractor's reasonable estimate of

the time required to repair same, and Landlord shall proceed with reasonable diligence to repair or cause to be repaired such damage, and if the Premises, or any part thereof, shall be rendered untenantable by reason of such damage, the rent hereunder, or an amount thereof apportioned according to the area of the Premises so rendered untenantable if less than the entire Premises, shall be abated for the period from the date of such damage to the date when the damage shall have been repaired as aforesaid. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof. Tenant understands that Landlord will not carry insurance of any kind on Tenant's furniture or furnishings or on any fixtures, equipment, improvements, installations or appurtenances made or removable by Tenant except as provided in this Lease, and that Landlord shall not be obligated to repair any damage thereto or replace the same.

B. In case the Building shall be so damaged by such fire or other casualty that substantial alteration or reconstruction of the Building or the Premises shall, in Landlord's or Tenant's reasonable opinion, be required (whether or not the Premises shall have been damaged by such fire or other casualty) or if damage requiring in excess of four (4) months to repair occurs during the last twelve (12) months of the term, then Landlord or Tenant may, at its option, terminate this Lease and the Term and estate hereby granted by notifying the other party in writing of such termination within thirty (30) days after the date of such damage. In the event that such a notice of termination shall be given, this Lease and the Term and estate hereby granted shall expire as of the date of such casualty with the same effect as if that were the date hereinbefore set for the expiration of the Term of this Lease, and the rent payable hereunder shall be apportioned as of such date.

C. If any repair is not completed within thirty (30) days of the original estimated period, then Tenant may, at its option, terminate this Lease and the Term and estate hereby granted by notifying Landlord in writing of such termination at any time after such thirty (30) day period. In the event that such a notice of termination shall be given, this Lease and the Term and estate hereby granted shall expire as of the date of such casualty with the same effect as if that were the date hereinbefore set for the expiration of the Term of this Lease, and the rent payable hereunder shall be apportioned as of such date.

D. Each of Landlord and Tenant hereby releases the other from any and all liability or responsibility (to the other or anyone claiming through or under it by way of subrogation or otherwise) under fire and extended coverage or supplementary contract casualties or any other insurance coverages obtained or required to be obtained hereunder, if such fire or other casualty or other insured event shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible. Each of Landlord and Tenant agrees that its policies will include a clause or endorsement to the effect that any such release shall not adversely affect or impair such policies or prejudice the right of the releasor to recover thereunder, so long as the same shall be obtainable without extra cost, or if such cost shall be charged therefor, so long as the other party pays such extra cost.

#### 14. CONDEMNATION.

A. In the event that the whole of the Land and Building shall be lawfully condemned or taken in any manner for any public or quasi-public use, this Lease, and the Term

and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title. In the event that part of the Building or material portions of the Land shall be so condemned or taken, then Landlord (whether or not the Premises be affected) may, at Landlord's option, terminate this Lease and the Term and estate hereby granted as of the date of such vesting of title by notifying Tenant in writing of such termination within sixty (60) days following the date on which Landlord shall have received notice of vesting of title. If Landlord does not so elect to terminate this Lease, as aforesaid, this Lease shall be and remain unaffected by such condemnation or taking, and the rent payable hereunder shall be adjusted in proportion to the area of the Premises affected by such taking. In the event that only a part of the Building shall be so condemned or taken and this Lease and the Term and estate hereby granted are not terminated as hereinbefore provided, Landlord will, with reasonable diligence and at its expense, restore the remaining portion of the Building as nearly as practicable to the same condition as it was in prior to such condemnation or taking. Notwithstanding anything to the foregoing, if parking or access to the Land and Building or Tenant's use and enjoyment of the Premises are materially and adversely impacted due to such condemnation or taking, Tenant shall have the right to terminate this Lease. If Tenant desires to exercise its right to terminate, it must notify Landlord within one hundred twenty (120) days of such condemnation or taking, failing which Tenant shall be deemed to have waived its right to terminate.

B. In the event of their termination in any of the cases hereinbefore provided, this Lease and the Term and estate hereby granted shall expire as of the date of such termination with the same effect as if that were the termination date of this Lease, and the rent payable hereunder shall be apportioned as of such date.

C. In the event of any condemnation or taking hereinbefore mentioned of all or a part of the Land and Building (including the Premises), Landlord ( or the mortgagee of any interest in the Land and/or the Building, if pursuant to the terms of the mortgage, or if pursuant to law, mortgagee is entitled to receive all or a portion of the condemnation award), shall be entitled to receive the entire award in the condemnation proceeding, including any and all right, title and interest of Tenant now or hereafter arising in or to any such award or any part thereof. Tenant shall not be entitled to receive any part of such award from Landlord, the mortgagee, or the condemning authority except as specifically provided by the condemning authority, provided Tenant shall have the right to assert a claim against the condemning authority for the value of movable fixtures and equipment installed and paid for by Tenant and for relocation expenses. In addition, Tenant may make any other claim, provided that the payment of any award to Tenant as to such other claim does not diminish the amount which would otherwise be paid to Landlord or the mortgagee by that condemning authority.

D. It is expressly understood and agreed that the provisions of this Article 14 shall not be applicable to any condemnation or taking for governmental occupancy for a limited period; provided, however, that in the event the Demised Premises are not available to Tenant all Fixed Rent and additional rent shall abate until such time as the Demised Premises are again available to Tenant.

15. COMPLIANCE WITH LAWS.

A. Tenant, at Tenant's expense, shall comply with all laws and ordinances, and all rules, orders and regulations of all governmental authorities and of all insurance bodies, at any time duly issued or in force, applicable to the Premises or any part thereof by virtue of Tenant's specific use, as opposed to Tenant's mere occupancy, except that Tenant shall not hereby be under any obligation to comply with any law, ordinance, order or regulation requiring any structural alteration of or in connection with the Premises, unless such alteration is required by reason of a condition which has been created by, or at the instance of, Tenant, or is attributable to the specific use or manner of use to which Tenant puts the Premises, or is required by reason of a breach of any of Tenant's covenants and agreements hereunder. Where any structural alteration of or in connection with the Premises is required by any such law, ordinance, rule, order or regulation, and, by reason of the express exception hereinabove contained, Tenant is not under any obligation to make such alteration, then Landlord shall make such alteration and pay the cost thereof.

B. Landlord, at Landlord's sole cost and expense, shall comply with all laws and ordinances, and all rules, orders and regulations of all governmental authorities and of all insurance bodies, at any time duly issued or in force, applicable to the Building and Land.

16. DAMAGE TO PROPERTY.

A. Tenant shall give to Landlord prompt written notice of any damage to, or defective condition in, any part or appurtenance of the Building's sanitary, electrical, heating, air conditioning or other similar or dissimilar systems serving, located in, or passing through, the Premises, and the damage or defective condition shall be remedied by Landlord at Landlord's expense, with reasonable diligence, but if such damage or defective condition was caused by, or resulted from the improper use by, Tenant or by the employees, licensees or invitees of Tenant, the cost of the remedy thereof shall be paid by Tenant, as additional rent, within thirty (30) days after the receipt of a bill indicating the amount due therefor.

B. All personal property belonging to Tenant, its servants, employees, suppliers, consignors, customers, licensees, located in or about the Building or Demised Premises shall be there at the sole risk of Tenant and neither Landlord nor Landlord's agents shall be liable for the theft, loss or misappropriation thereof nor for any damage or injury thereto, nor shall Landlord be considered the voluntary or involuntary bailee of such personal property, nor for damage or injury to Tenant or any of its officers, agents or employees or to any other persons or to any other property caused by fire, explosion, water, rain, snow, frost, steam, gas, electricity, heat or cold, dampness, falling plaster, sewers or sewage odors, noise, leaks from any part of said Building or roof, the bursting or leaking of pipes, plumbing, electrical wiring and equipment and fixtures of all kinds unless caused by any negligent or intentional act of Landlord or Landlord's agents or contractors, or by any act or neglect of other tenants or occupants of the Building or of any other person.

C. All damage or injury to the Premises or to its fixtures, appurtenances and equipment or to the Building, its fixtures, appurtenances or equipment caused by Tenant's moving property in or out of the Building or by installation or removal of furniture, fixtures or other property or from any cause of any kind or nature whatsoever of which Tenant, its servants, employees, agents, visitors or licensees shall be the cause, shall be repaired, restored and

replaced promptly by Tenant at its sole cost and expense, in quality and class at least equal to the existing work or installations, and to the reasonable satisfaction of Landlord. If Tenant fails to make such repairs, restorations or replacements, within a reasonable period of time after written notice from Landlord, the same may be made by Landlord for the account of Tenant and the cost thereof shall be collectible as additional rent or otherwise after rendition of a bill or statement and payable simultaneously with the next monthly installment of rent due and payable hereunder.

17. SUBORDINATION.

A. Subject to Landlord's obligations herein and provided that the Tenant's rights under this Lease are respected, this Lease is subject and subordinate in all respects to all ground leases and/or underlying leases now or hereafter covering the Land and to all mortgages which may now or hereafter be placed on or affect such leases and/or the Land, Buildings, improvements, or any part thereof and/or Landlord's interest therein, and to each advance made and/or hereafter to be made under any such mortgages and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitutions of and for such ground leases and/or underlying leases and/or mortgages. This subparagraph (a) shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall execute and deliver promptly any reasonable instrument that Landlord and/or any mortgagee and/or the lessor under any ground or underlying lease and/or their respective successors in interest may request provided such instrument includes commercially reasonable non-disturbance language.

Should Tenant so request in writing, Landlord agrees to use commercially reasonable efforts to obtain a non-disturbance agreement from any future mortgagee of Landlord, in form and substance reasonably acceptable to Tenant.

B. Subject to Landlord's obligations under this Paragraph 17, Tenant agrees, at the election and upon demand of any owner of the Land, or of any mortgagee in possession thereof, or of any holder of a leasehold hereafter affecting the Land, to attorn, from time to time, to any such owner, mortgagee or holder, upon the terms and conditions set forth herein for the remainder of the Term of this Lease. The foregoing provisions shall inure to the benefit of any such owner, mortgagee or holder, shall apply to the tenancy of Tenant notwithstanding that this Lease may terminate upon the termination of any such leasehold estate, and shall be self-operative upon any such demand, without requiring any further instrument to give effect to said provisions. Tenant, however, upon demand of any such owner, mortgagee or holder, agrees to execute, from time to time, an instrument in confirmation of the foregoing provisions, mutually acceptable to the Tenant, owner, mortgagee or holder, in which Tenant shall acknowledge such attornment and shall set forth herein and shall apply for the remainder of the Term of this Lease. Nothing contained in this subparagraph B shall be construed to impair any right, privilege or option of any such owner, mortgagee or holder.

C. Tenant agrees that, in the event that the interest of the Landlord becomes vested in the holder of any mortgage or in any ground lessor, to anyone claiming by, through or under either of them, then such holder shall not be:

1. liable for any act or omission of any prior landlord (including Landlord herein), except that such successor shall be liable for any acts or omissions of a continuing nature; or

2. subject to any offsets or defenses which Tenant may have against any prior landlord (including Landlord herein) except to the extent attributable to or arising out of any acts or omissions of a continuing nature; provided such offsets or defenses shall remain in effect as against any such prior landlord (including, but not limited to, Landlord herein); or

3. bound by any rent which Tenant may have paid for more than the current month to any landlord (including Landlord herein).

D. Tenant agrees that, upon the request of Landlord, Tenant will execute, acknowledge and deliver such document or instrument as may be reasonably requested by the holder of any mortgage on the Landlord's interest in the Land and/or the Building confirming or agreeing that this Lease is assigned to such mortgagee as collateral security for such mortgage and agreeing to abide by such assignment, provided that a copy of such assignment has in fact been delivered to Tenant.

18. NOTICES. Any notice, consent, approval, request or demand hereunder by either party to the other party shall be in writing and sent by (1) registered or certified mail with return receipt requested, postage prepaid, or (2) reputable overnight delivery, such as Federal Express, addressed to Landlord at Landlord's address and to Tenant at Tenant's address, or of the address of such other party for such notices, consents, approvals, requests or demands shall have been duly changed as hereinafter provided, if mailed, as aforesaid, to such other party at such changed address; and shall be deemed to have been duly given when received or delivery refused as indicated on the return receipt or delivery report. Either party may at any time change the address for such notices, consents, approvals, requests or demands by setting forth the changed address. If the term "Tenant" as used in this Lease refers to more than one person, any notice, consent, approval, request or demand given as aforesaid to any one of such persons shall be deemed to have been duly given to Tenant. All building communications may be served by ordinary mail or otherwise delivered to Tenant. For the purpose hereof, the term "building communications" shall be deemed to be any notices not specifically referred to in this Lease which relate to the operation or maintenance of the Building, including amendments to the Rules and Regulations, and is given to all or substantially all of the tenants in the Building.

19. CONDITIONS OF LIMITATION. This Lease and the Term and estate hereby granted are subject to the limitation, but also subject to the Tenant's rights under this Lease or otherwise at law or in equity, that if prior to or during the Term of this Lease:

A. Tenant shall make an assignment of its property for the benefit of creditors or shall file a voluntary petition under any bankruptcy or insolvency law, or an involuntary petition under any bankruptcy or insolvency law shall be filed against Tenant and such involuntary petition is not dismissed within ninety (90) days after the filing thereof,

B. A petition is filed by or against Tenant under the reorganization provisions of the United State Bankruptcy Act or under the provisions of any law of like import, unless such

petition under said reorganization provisions be one filed against Tenant which is dismissed within ninety (90) days after its filing,

C. Tenant shall file a petition under the arrangement provisions of the United States Bankruptcy Act or under the provisions of any law of like import,

D. A permanent receiver, trustee or liquidator shall be appointed for Tenant or of or for the property of Tenant, and such receiver, trustee or liquidator shall have not been discharged within ninety (90) days from the date of his appointment,

E. Tenant shall default in the payment of any rent or additional rent payable hereunder by Tenant to Landlord on any date upon which the same becomes due, and such default shall continue for ten (10) days after written notice to Tenant.

F. Tenant shall default in the due keeping, observing or performance of any covenant, agreement, term, provision or condition of this Lease on the part of Tenant to be kept, observed or performed, and if such default shall continue and shall not be remedied by Tenant within thirty (30) days after Landlord shall have given to Tenant a written notice specifying same, or, in the case of such a default which for causes beyond Tenant's control cannot with due diligence be cured within said period of thirty (30) days, if Tenant (1) shall not, promptly upon giving such notice, advise Landlord in writing of Tenant's intention to duly institute all steps necessary to remedy such default, (2) shall not duly institute and thereafter diligently prosecute to completion all steps necessary to remedy the same, or (3) shall not remedy the same within a reasonable time after the date of the giving of said notice by Landlord.

G. Any event shall occur or any contingency shall arise whereby this Lease or the estate hereby granted or the unexpired balance of the Term hereof would, by operation of law or otherwise, devolve upon or pass to any person, firm, association or corporation other than Tenant except as expressly permitted under Article II hereof, or

H. If the term "Tenant", as used in this Lease, refers to more than one person, then, as used in subparagraphs A, B, C, D and G of this Article 19, said term shall be deemed to include all of such persons or any one of them; if any of the obligations of Tenant under this Lease is guaranteed, the term "Tenant," as used in said paragraphs, shall be deemed to include also the guarantor or, if there be more than one guarantor, all of any one of them; and if this Lease shall have been assigned, the term "Tenant," as used in said subparagraphs, shall be deemed to include the assignee and the assignor or either of them under any such assignment, release the assignor from any further liability under this Lease, in which event the term "Tenant," as used in said subparagraphs, shall not include the assignor so released.

## 20. RE-ENTRY BY LANDLORD.

A. If Tenant shall be in default beyond any applicable notice and/or cure period, then Landlord shall give to Tenant a written notice specifying such default, and Landlord or Landlord's agents and servants may, upon at least twenty (20) business days' prior written notice, immediately or at any time thereafter re-enter into or upon the Premises, or any part thereof, either by summary dispossession proceedings or by any suitable action or proceeding at law, without being liable to indictment, prosecution or damages therefor, and may repossess the

same, and may remove any persons therefrom, to the end that Landlord may have, hold and enjoy the Premises again as and of its first estate and interest therein. In the event that Landlord shall re-enter the Premises under the provisions of this Article 20 or in the event of the termination of this Lease (of re-entry) by or under any summary dispossession or other proceeding or action or any provision of law, Tenant shall be liable for payment of rent and additional rent to Landlord up to the time of such termination of this Lease, or of such recovery of possession of the Premises by Landlord, as the case may be, and shall also pay to Landlord damages as provided in Article 21.

B. The specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any other remedies or means or redress to which Landlord may lawfully be entitled at any time and Landlord may invoke any remedy allowed at law or in equity as if specific remedies were not herein provided for.

C. In the event of (1) the termination of this Lease under the provisions of Article 19 hereof, (2) the re-entry of the Premises by Landlord under the provisions of this Article 20, or (3) the termination of this Lease (or re-entry) by or under any summary dispossession or other proceeding or action or any provision of law by reason of default hereunder beyond any applicable notice and/or cure period on the part of Tenant, Landlord shall be entitled to retain all moneys, if any, paid by Tenant at the time of such termination or re-entry or, at Landlord's option, against any damages payable by Tenant under Article 21 or pursuant to law.

## 21. DAMAGES.

A. In the event of any termination of this Lease under the provisions of Article 19 or in the event that Landlord shall re-enter the Premises under the provisions of Article 20 or in the event of the termination of this Lease (or of re-entry) by or under any summary dispossession or other proceeding or action or any provision of law, Tenant will pay to Landlord as damages, at the election of Landlord, either:

1. a sum which at the time of such termination of this Lease or at the time of any such re-entry by Landlord, as the case may be, represents the present value of the excess, if any, using a discount rate equal to the prime rate of interest set by Citibank (or its successor) plus three percent (3%), of (i) the aggregate of all rent which would have been payable hereunder by Tenant had this Lease not so terminated for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the date hereinbefore set for the expiration of the full term hereby granted, in excess of (ii) the aggregate of all rent of the premises for the same period based upon the then local market rental value of the premises; or

2. sums equal to the aggregate of all rent which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the Premises, payable upon the due dates therefore specified herein following such termination or such re-entry and until the date hereinbefore set for the expiration of the full Term hereby granted as and when due and payable; provided, however, that if Landlord shall re-let all or any part of the Premises for all or any part of said period, Landlord shall credit Tenant with the net rents received by Landlord from such re-letting, such net rents to be determined by first

deducting from the gross rents as and when received by Landlord from such re-letting the reasonable expenses incurred or paid by Landlord in thereof, as well as the reasonable expenses or re-letting, including brokers' commissions and all other similar expenses properly chargeable against the Premises and the rental therefrom in connection with such re-letting, it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining Term of this Lease; provided, further, that (i) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder, provided any such excess shall be applied against future amounts due from Tenant, (ii) in no event shall Tenant be entitled in any suit for the collection of damages pursuant to this subsection (2) to a credit in respect of any net rents from a re-letting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit, and (iii) if the Premises or any part thereof should be relet in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such re-letting and of the expenses of re-letting.

B. Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term of this Lease would have expired if it had not been terminated under the provisions of Article 19, or under any provision of law, or had Landlord not re-entered the Premises.

C. Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder beyond any applicable notice and/or cure on the part of Tenant.

D. In addition to the amounts set forth above, in the event of the non payment of any monies due pursuant to this Lease, whether the same be deemed rent or otherwise, after the expiration of any applicable notice and cure period, Tenant shall pay to Landlord interest at a rate, which is the lesser of the prime rate of interest set by Citibank (or its successor) or the maximum permitted pursuant to the laws of the state of New Jersey. It is expressly acknowledged and agreed between the parties that said default rate shall continue beyond entry of judgment until such time as such monies are paid. Additionally, Tenant shall reimburse Landlord for any costs and expenses, including reasonable attorneys' fees incurred in connection with the enforcement of Landlord's rights pursuant to the terms of this Lease.

E. Landlord shall in all cases be obligated to use commercially reasonable measures to mitigate its damages, costs and expenses in the course of exercising its rights under Articles 19, 20, 21 and any other relevant provisions of this Lease.

22. WAIVER OF TRIAL BY JURY. It is mutually agreed by and between Landlord and Tenant that, except in the case of any action, proceeding or counterclaim brought by either of the parties against the other for personal injury or property damage, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease.

23. NO WAIVERS.

A. No receipt of money by Landlord from Tenant with knowledge of the breach of any covenant or agreement of this Lease, or after the termination hereof, or after the service of any notice, or after the commencement of any suit, or after final judgment for possession of the Demised Premises, shall be deemed a waiver of such breach, nor shall it reinstate, continue or extend the Term of this Lease, or affect any such notice, demand or suit.

B. No delay on the part of the Landlord or Tenant in exercising any right, power or privilege hereunder or to seek any covenant or condition of this Lease, or of any of the Rules and Regulations, shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

C. No act done or thing said by Landlord or Landlord's agents shall constitute a cancellation, termination or modification of, or eviction or surrender under, this Lease, or a waiver of any covenant, condition or provision hereof, not relieve Tenant of Tenant's obligation to pay the rent hereunder. Any acceptance of surrender, waiver or release by Landlord and any cancellation, termination or modification of this Lease must be in writing signed by Landlord, by its duly authorized representative. The delivery of keys to any employee or agent of Landlord shall not operate as a surrender or as a termination of this Lease, and no such employee or agent shall have any power to accept such keys prior to the termination of this Lease.

D. No failure by Landlord to enforce any of the Rules and Regulations against Tenant and/or other tenant or occupant of the Building shall be deemed a waiver thereof. No provision of this Lease shall be deemed waived by Landlord unless such waiver is in writing signed by Landlord.

E. No payment by Tenant or receipt by Landlord of a lesser amount than the rent herein stipulated and reserved shall be deemed to be other than on account of the earliest stipulated rent then due and payable, nor shall any endorsement or statement on any check, or letter accompanying any rent check or payment be deemed an accord and satisfaction, and Landlord may accept the same without prejudice to Landlord's right to recover any balance due or to pursue any other remedy in this Lease provided.

24. PARTIES BOUND. The covenants, agreement, terms, provisions and conditions of this Lease shall bind and benefit the respective successors, assigns and legal representatives of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Article 11 hereof shall operate to vest any rights in any successor, assignee or legal representative of Tenant and that the provisions of this Article 24 shall not be construed as modifying the conditions of limitation contained in Article 19 hereof. It is understood and agreed, however, that the covenants and obligations on the part of the Landlord under this Lease shall not be binding upon Landlord herein named with respect to any period subsequent to the transfer of its interest in the Building, that in the event of such transfer said covenants and obligations shall thereafter be binding upon each transferee of such interest of Landlord herein named, but only with respect to the period

ending with a subsequent transfer of such interest, and that a Lease of the entire interest shall be deemed a transfer within the meaning of this Article 24.

25. CURING TENANT'S DEFAULTS. If Tenant shall default in the performance of any covenant, agreement, terms, provision or condition herein contained beyond any applicable notice and cure period, Landlord, without thereby waiving such default, may perform the same for the account and at the reasonable expense of Tenant, without notice in a case of emergency and in any other case if such default continues after the expiration of the applicable grace period provided for in Article 19 of this Lease or if an emergency exists. Bills for any reasonable expense incurred by Landlord in connection with any such performance by Landlord for the account of Tenant, and bills for all reasonable costs, expenses and disbursements of every kind and nature whatsoever, including, but not limited to, reasonable counsel fees, involved in collecting or endeavoring to collect the rent or any part thereof or enforcing or endeavoring to enforce any rights against Tenant, under or in connection with this Lease, or pursuant to law, including (without being limited to) any such reasonable costs, expense and disbursement involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor or services provided, furnished or rendered, or caused to be provided, furnished or rendered, by Landlord to Tenant including (without being limited to) electric lamps and other equipment, construction work done for the account of Tenant, as well as for any charges for other similar or dissimilar services incurred under this Lease, may be sent by Landlord to Tenant monthly, or immediately, at Landlord's option, and shall be due and payable in accordance with the terms of said bills, and if not paid when due, the amounts thereof shall immediately become due and payable as additional rent under this Lease.

26. MORTGAGEE'S NOTICE AND OPPORTUNITY TO CURE. Tenant agrees to give any Mortgagees and/or Trust Deed Holders, by certified mail, return receipt requested or nationally recognized overnight mail, a copy of any Notice of Default served upon the Landlord, provided that, prior to such notice, Tenant has been notified in writing by way of Notice of Assignment of Rents and Leases, or otherwise, of the address of such Mortgagees and/or Trust Deed Holders. Tenant further agrees that, if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Mortgagees and/or Trust Deed Holders shall have the same time to cure as Landlord.

27. TENANT'S ENVIRONMENTAL RESPONSIBILITIES UNDER THE NEW JERSEY INDUSTRIAL SITE RECOVERY ACT (ISRA)

A. Tenant shall provide the Landlord with the Tenant's North American Industrial Classification System (NAICS) code for its proposed use, and a listing of all hazardous substances or waste to be used on the Premises (except those typically used for office use, such as copier and cleaning supplies), if any, as such terms are defined in ISRA. This obligation shall be deemed a continuing one throughout the Term of the Lease and any renewals hereof, and Tenant shall update and modify such information required. Tenant, by execution of this Lease, agrees to provide Landlord, within a reasonable time after written request, with any and all information which may be required under ISRA to the extent same is applicable due to Tenant's subject use of the Premises, and shall provide Landlord with copies of all environmental permits and applications sought and/or received for the Premises and notify the Landlord in writing of

any and all administrative orders concerning the Premises. Nothing herein shall make the Landlord responsible to file or prepare permits or applications on behalf of the Tenant.

B. In the event that Tenant is not exerting reasonable efforts to comply with ISRA to the extent compliance is required due to Tenant's subject use of the Premises, then Landlord shall have the option, but not the obligation, to comply with ISRA, and all costs of compliance including reasonable attorney's fees shall be the responsibility of Tenant and shall constitute additional rentals.

C. Tenant shall be solely responsible for all penalties, fines or administrative orders imposed by the New Jersey Department of Environmental Protection arising from Tenant's use of hazardous materials at the Premises and shall indemnify and hold Landlord harmless from same, to the extent permitted by law. Landlord shall be solely responsible for all other penalties, fines or administrative orders imposed by the New Jersey Department of Environmental Protection and shall indemnify and hold Tenant harmless from same, to the extent permitted by law.

D. Tenant shall be responsible for cleanup by reason of ISRA compliance, as required under this article, pertaining to the Premises or any other part of the premises of which the leased premises is a part, only to the extent that such cleanup is required due to the Tenant's use of the Premises during the Term of this Lease or any renewals or extensions thereof for an ISRA-subject use.

E. HAZARDOUS SUBSTANCES. Landlord represents, warrants and agrees that to the best of its knowledge and belief: (i) the Building and its uses and operations complies, and will comply, with all environmental statutes; (ii) the Building and the land on which it is located (collectively, the "Property") has not been used or allowed to be used by Landlord or, to the best of Landlord's knowledge, any previous owner, to emit through ground, water or air, refine, manufacture, generate, produce, store, contain, handle, transfer, process, treat or transport hazardous substances; (iii) the Property has never been the subject of any federal or state hazardous substance related list; (iv) the Property has never required closure or clean-up of hazardous substance; and (v) no asbestos, Polychlorinated Biphenyls or other hazardous substance or underground storage tanks exist or have existed or will exist on the Property. Landlord warrants and represents that it will be solely liable for the clean-up and removal of hazardous substances and the restoration of the Property related to hazardous substances now and in the future existing at the Property except to the extent generated, used or brought onto the Property by Tenant, its employees, guests or invitees. Landlord will defend, indemnify and hold Tenant harmless from and against any and all direct liabilities, damages, losses, costs, assessments, penalties, fines, expenses and fees, including reasonable legal fees, related to Landlord's breach of any of the above representations and warranties or the presence of hazardous substances at the Property except to the extent generated, used or brought onto the Property by Tenant, its employees, guests or invitees.

28. MISCELLANEOUS.

A. If in connection with obtaining financing for the Building, a bank, insurance company or other recognized institutional lender or the New Jersey Economic

Development Authority or its nominee shall request Estoppel Agreements, Subordination Agreements and/or reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, impair the Tenant's use and enjoyment of the Premises, or materially decrease the obligations of Landlord hereunder. In addition thereto, Tenant shall furnish to any mortgagee or proposed mortgagee of the Building, copies of Tenant's latest financial statements duly certified by an independent certified public accountant, or if no such certified statement is available, then such statements shall be certified by the Tenant, its duly certified officer or partner, as the case may be.

B. Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease at any time when Tenant is in default or has defaulted in the performance or observance of any of the covenants, agreements, terms, provisions or conditions on its part to be performed or observed beyond the applicable notice and cure period provided in this Lease.

C. Tenant shall not sublet, take by assignment, or otherwise occupy any space in the Building other than the Premises hereby demised, except with the prior written consent of Landlord in each instance.

D. The laws of the State of New Jersey shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision hereof shall not affect or impair any other provision.

E. Whenever a neutral singular pronoun refers to Tenant, same shall be deemed to refer to Tenant if Tenant be an individual, a corporation, a partnership or two or more individuals or corporations.

F. The term "Landlord" as used in this Lease shall mean the owner for the time being of the Building, and if such Building be sold or transferred, the seller or assignor shall be entirely relieved of all covenants and obligations under this Lease subsequent to such sale or transfer and it shall be deemed, without further agreement between the parties hereto and their successors, that the purchaser on such sale has assumed and agreed to carry out all covenants and obligations of Landlord arising on and after such sale or transfer.

G. The words "herein," "hereof," "hereunder," "hereafter," and the words of similar import refer to this Lease as a whole and not to any particular section or subdivision thereof.

H. In all cases where Landlord's consent or approval is required under this Lease, Landlord covenants and agrees that such covenant or approval shall not be unreasonably withheld, conditioned or delayed at such times as Tenant is not in default in the performance of any of its obligations under this Lease beyond the applicable notice and cure period provided herein.

I. Landlord does not, in any way for any purpose, become a partner of Tenant in the conduct of business or otherwise, a joint adventurer or a member of a joint enterprise with Tenant.

J. Landlord hereby reserves the right at any time to make alterations or additions to and to build additional stories on the Building in which the Premises are contained and to build adjoining the same. Landlord also reserves the right to construct other buildings or improvements on the Land from time to time and to make alterations thereof or additions thereto and to build adjoining same and to construct double-deck or elevated parking facilities, so long as same does not materially or adversely interfere with Tenant's use of occupancy of or access to Premises.

K. Each the Landlord and Tenant covenant and represent to the other that no real estate agent or broker was involved in bringing about this transaction other than the broker identified in Preamble item (18). Each Landlord and Tenant agree to indemnify, defend and hold harmless each other from and against any and all liabilities, claims, suits, demands, judgments, costs, interest and expenses (including but not limited to, reasonable counsel fees incurred in the defense of any action or proceeding) to which the other party may be subject or suffer by reason of a breach of the foregoing covenant and representation. The Landlord shall pay the broker identified in the Preamble item (18) its commission or other fees when same are earned, due and payable and such costs shall not be part of the common charges or otherwise charged to the Tenant.

L. Notwithstanding anything to the contrary set forth herein, neither party shall be liable to the other for any incidental, consequential or punitive damages.

29. INABILITY TO PERFORM. Except as otherwise provided in this Lease, this Lease and the obligations of the parties hereunder shall in no ways be affected, impaired or excused because a party is unable to fulfill any of its obligations under this Lease or is delayed in doing so by reason of strikes or labor troubles or any other similar or dissimilar cause whatsoever beyond such party's reasonable control, including, but not limited to, governmental preemption in connection with a national emergency or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by war or other emergency, or by reason of any fire or other casualty or act of God; provided the foregoing shall not excuse any obligation regarding the payment of money.

30. ABANDONED PERSONAL PROPERTY. Any personal property (other than any fixture, equipment, improvement, installation or appurtenance of the character referred to in Article 8 hereof), which shall remain in the Premises or any part thereof after the expiration or termination of the Term of this Lease shall be deemed to have abandoned, and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit; provided, however, that notwithstanding the foregoing, Tenant will, upon request of Landlord made not later than ten (10) days after the expiration or termination of the term hereof, promptly remove from the Building any such personal property at Tenant's own cost and expense. If such personal property or any part thereof shall be sold by Landlord, Landlord may receive and retain the proceeds of such sale as Landlord's property.

31. EXCULPATION. Notwithstanding anything to the contrary set forth in this Lease, it is specifically understood and agreed that there shall be absolutely no personal liability on the part of the partners, members, officers of the parties with respect to any of the terms,

covenants and conditions of this Lease. Tenant shall look solely to the equity, if any, of Landlord in the Land and Building and rents and profits therefrom for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord; such exculpation of personal liability to be absolute and without any exception whatsoever.

32. ARTICLE HEADINGS. The Article headings of this Lease are for convenience only and are not to be considered in construing the same.

33. QUIET ENJOYMENT. Landlord covenants that if, and so long as, Tenant is not in default beyond the applicable notice and cure period provided herein with respect to the performance of the terms and conditions on its part to be performed under this Lease, Tenant shall quietly enjoy the Premises without hindrance or molestation by Landlord or by any other person lawfully claiming the same, subject to the covenants, agreements, terms, provisions and conditions of this Lease and to any ground leases and/or underlying leases and/or mortgages, extensions, renewals, modifications, alterations and substitutions thereof, to which this Lease is now and may hereafter be subject and subordinate, as hereinbefore set forth; provided, however, that any such ground lessors or mortgagees respect the Tenant's rights to quiet enjoyment and peaceable possession under this Lease so long as the Tenant is not in default hereunder.

34. HOLDING OVER. If the Tenant retains possession of the Demised Premises or any part thereof after the termination of the Term by lapse of time or otherwise, without prior written approval of Landlord, the Tenant shall pay the Landlord Fixed Rent at one and one-half (1 ½) times the rate specified in Article 3, together with additional rent and other charges as provided herein, for the time the Tenant thus remains in possession, and, in addition thereto, shall pay the Landlord all direct (but not consequential damages) sustained by reason of the Tenant's retention of possession. If the Tenant remains in possession of the Demised Premises, or any part thereof, after the termination of the term by lapse of time or otherwise, such holding over shall, at the election of the Landlord expressed in a written notice to the Tenant and not otherwise, constitute an extension of this Lease on a month-to-month basis at one and one-half (1 ½) times the monthly Fixed Rent set forth in Article 3, together with additional rent and other charges as provided herein. The provisions of this Article 34 do not exclude the Landlord's rights of re-entry or any other right hereunder.

35. RENEWAL PERIOD. Provided no Event of Default shall have occurred and be continuing on the date Tenant gives Landlord notice of Tenant's election to extend the Lease Term for the applicable renewal period, Tenant shall have two (2) options to extend the Lease Term for a period of five (5) years each on fifty percent (50%) or more of its current Demised Premises commencing at the expiration of the initial Lease Term. In the event that Tenant shall desire to extend the Lease Term for the renewal period herein granted, Tenant shall advise Landlord by notice no later than nine (9) months prior to the expiration of the then current Lease Term. Time is of the essence with respect to the giving of a renewal notice. If Tenant shall fail to deliver notice of Tenant's election to extend the Lease Term for the next succeeding renewal period by the date set forth herein, Tenant's right to do so shall be deemed waived and of no further force and effect, regardless of whether Landlord shall have taken any action in reliance upon the fact that the notice was not given.

If Tenant exercises said renewal option, the Lease Term shall be automatically extended for the renewal period covered by such renewal option upon the same terms and conditions as are in effect immediately preceding the commencement of such renewal period, except that (x) Tenant shall not have any further option to extend the Lease Term beyond the expiration of the renewal period, and (y) "Fixed Rent" shall be calculated at the Fair Market Rental Rate (defined below), and without execution of any extension or renewal lease. Any cancellation or termination of this Lease shall terminate any option to extend or renew the Lease Term pursuant hereto.

Landlord shall determine the Fair Market Rental Rate by using its good faith judgment. Landlord shall provide written notice of such amount within fifteen (15) days (but in no event later than twenty (20) days) after Tenant provides the notice to Landlord exercising Tenant's option rights which require a calculation of the Fair Market Rental Rate. Tenant shall have fifteen (15) days ("Tenant's Review Period") after receipt of Landlord's notice of the new rental within which to accept such rental in writing. In the event Tenant fails to accept the new rental proposed by Landlord, Landlord and Tenant shall attempt to agree upon such Fair Market Rental Rate, using their best good faith efforts. If Landlord and Tenant fail to reach agreement within fifteen (15) days following Tenant's Review Period ("Outside Agreement Date"), then each party shall place in a separate sealed envelope their final proposal as to Fair Market Rental Rate and such determination shall be submitted to arbitration in accordance with subsections (a) through (e) below. Failure of Tenant to so elect in writing within Tenant's Review Period shall conclusively be deemed its disapproval of the Fair Market Rental Rate determined by Landlord.

In the event that Landlord fails to timely generate the initial written notice of Landlord's opinion of the Fair Market Rental Rate which triggers the negotiation period of this Section, then Tenant may commence such negotiations by providing the initial notice, in which event Landlord shall have fifteen (15) days ("Landlord's Review Period") after receipt of Tenant's notice of the new rental within which to accept such rental. In the event Landlord fails to accept in writing such rental proposed by Tenant, then such proposal shall be deemed rejected, and Landlord and Tenant shall attempt in good faith to agree upon such Fair Market Rental Rate, using their best good faith efforts. If Landlord and Tenant fail to reach agreement within fifteen (15) days following Landlord's Review Period (which shall be, in such event, the "Outside Agreement Date" in lieu of the above definition of such date), then each party shall place in a separate sealed envelope their final proposal as to Fair Market Rental Rate and such determination shall be submitted to arbitration in accordance with subsections (a) through (e) below.

(a) Landlord and Tenant shall meet with each other within five (5) business days of the Outside Agreement Date and exchange the sealed envelopes and then open such envelopes in each other's presence. If Landlord and Tenant do not mutually agree upon the Fair Market Rental Rate within one (1) business day of the exchange and opening of envelopes, then, within ten (10) business days of the exchange and opening of envelopes Landlord and Tenant shall agree upon and jointly appoint a single arbitrator who shall by profession be a real estate lawyer, appraiser, or broker who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of comparable commercial properties in the vicinity of the Building. Neither Landlord nor Tenant shall consult with such broker, appraiser, or lawyer as to his or her opinion as to

Fair Market Rental Rate prior to the appointment. The determination of the arbitrator shall be limited solely to the issue of whether Landlord's or Tenant's submitted Fair Market Rental Rate for the Premises is the closer to the actual Fair Market Rental Rate for the Premises as determined by the arbitrator, taking into account the requirements of this Section. Such arbitrator may hold such hearings and require such briefs as the arbitrator, in his or her sole discretion, determines is necessary. In addition, Landlord or Tenant may submit to the arbitrator with a copy to the other party within five (5) business days after the appointment of the arbitrator any market data and additional information that such party deems relevant to the determination of Fair Market Rental Rate ("FMRR Data") and the other party may submit a reply in writing within five (5) business days after receipt of such FMRR Data.

(b) The arbitrator shall, within thirty (30) days of his or her appointment, reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Fair Market Rental Rate, and shall notify Landlord and Tenant of such determination.

(c) The decision of the arbitrator shall be binding upon Landlord and Tenant, except as provided below.

(d) If Landlord and Tenant fail to agree upon and appoint an arbitrator, then the appointment of the arbitrator shall be made by the Assignment Judge of the Superior Court of Monmouth County, or, if he or she refuses to act, by any judge having jurisdiction over the parties.

(e) The cost of arbitration shall be paid by Landlord and Tenant equally.

36. SIGNAGE. Landlord shall remove the existing exterior façade signage at Landlord's sole cost and expense. Landlord agrees Tenant may install new exterior signage specific to Tenant, at Tenant's sole cost and expense, subject to Landlord's reasonable approval and compliance with applicable local zoning and building code.

37. LANDLORD'S DEFAULTS. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and is diligent in prosecuting the same to completion, thereafter Tenant shall, in addition to all rights at law or in equity, have the right to perform such obligation and deduct the reasonable cost thereof from the succeeding installment(s) of rent or, if such default is material in nature and prevents Tenant from operating its business in the Premises in a reasonable manner, to terminate this Lease. Landlord shall reimburse Tenant for any costs and expenses, including reasonable attorneys' fees incurred in connection with the enforcement of Tenant's rights pursuant to the terms of this Lease to the extent Tenant prevails in such action.

38. RESERVED PARKING. Tenant shall have the right to exclusive use of four (4) parking spaces, as indicated on Exhibit C, without additional charge. Upon vacation of the Building by ESP, Tenant shall have the right upon notice to Landlord to replace its reserved

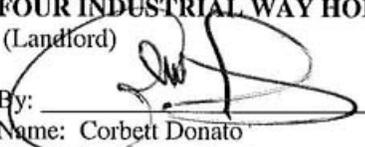
parking spaces with those previously used by ESP, in which Landlord shall replace such reserved parking signs with signs indicating such spaces are reserved for Tenant's exclusive use.

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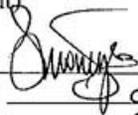
IN WITNESS WHEREOF, Landlord and Tenant have executed or caused to be executed, these presents, as of the date first hereinabove set forth.

Signed, Sealed and Delivered

**FOUR INDUSTRIAL WAY HOLDINGS, LLC**  
(Landlord)

By:   
Name: Corbett Donato  
Title: Managing Member

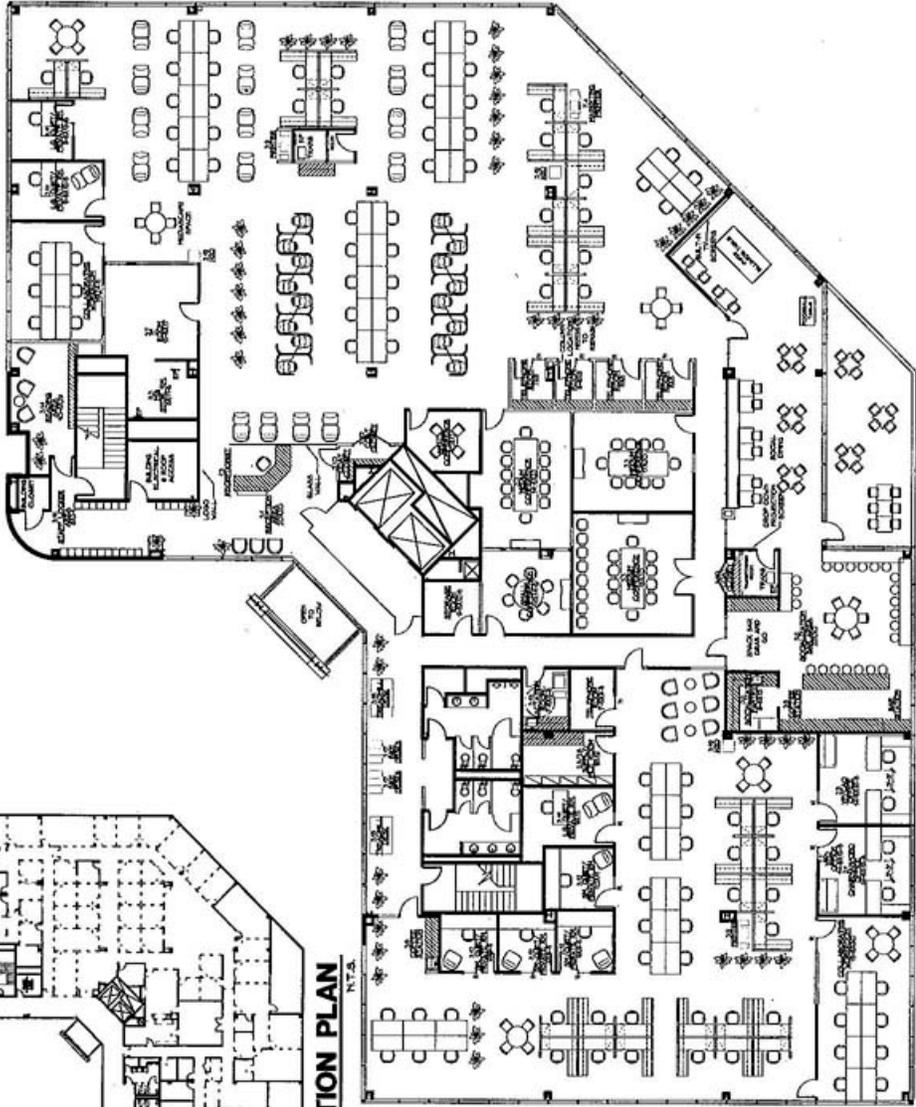
**WAYSIDE TECHNOLOGY GROUP, INC.**  
(Tenant)

By:   
Name: *Chairman & CEO*  
Title: *Simon Mykhal*

**Exhibit A**

Floor Plan

<p>DESIGNED BY: [Redacted]</p> <p>DATE: [Redacted]</p> <p>PROJECT: [Redacted]</p> <p>CLIENT: [Redacted]</p> <p>SCALE: 1/8"=1'-0"</p> <p>DATE: [Redacted]</p> <p>BY: [Redacted]</p> <p>CHECKED: [Redacted]</p> <p>DATE: [Redacted]</p>	<p><b>AZTEC</b></p> <p>ARCHITECTS</p> <p>1000 ROUTE 100</p> <p>NEW JERSEY</p>	<p><b>WAYSS &amp; FREEDY</b></p> <p>ENGINEERS</p> <p>1000 ROUTE 100</p> <p>NEW JERSEY</p>	<p><b>SPACE PLAN</b></p> <p>THIRD FLOOR</p>	<p>DATE: [Redacted]</p> <p>SCALE: 1/8"=1'-0"</p> <p>DATE: [Redacted]</p> <p>BY: [Redacted]</p> <p>CHECKED: [Redacted]</p> <p>DATE: [Redacted]</p>
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SCALE: 1/8"=1'-0"

**SPACE PLAN**

**Exhibit B**  
Landlord's Work

## **Exhibit B**

### Landlord's Work

THE INITIAL PREPARATION OF THE DEMISED PREMISES FOR TENANT'S OCCUPANCY SHALL BE GOVERNED BY THE PROVISIONS OF THIS EXHIBIT

#### **PART I - PLANS AND SPECIFICATIONS**

##### A. Building Plans and Specifications:

Landlord will cooperate with Tenant and its architect in preparing architectural drawings for Landlord's Work in the Premises ("Construction Drawings"). The Construction Drawings to be prepared by Tenant's architect shall reflect the complete scope of work needed to complete the improvements required by Tenant for occupancy under the Lease. The Construction Drawings shall include at a minimum full architectural, electrical, plumbing, and mechanical drawings. Tenant shall be responsible for the full cost of its architect's preparation of the Construction Drawings, provided Landlord shall contribute \$1.75 per square foot of the Premises toward the cost thereof ("Architect's Fee") upon completion and acceptance of the Construction Drawings by Landlord. Tenant shall be required to complete and submit the Construction Drawings to Landlord on or before March 18, 2016. Landlord shall have five (5) working days after submission to review same. If Landlord does not notify Tenant of any objections within such period, the Construction Drawings shall be deemed approved by Landlord. If Landlord has any objections, Landlord shall advise Tenant of same in sufficient detail to allow Tenant to respond and Tenant shall revise and re-submit within five (5) working days. The process set forth above, modified to replace all periods with three (3) working days, shall continue until Landlord has approved the Construction Drawings. The final Construction Drawings will be attached as Exhibit B-1 to this Lease. Tenant's failure to submit the Construction Drawings prior to March 18, 2016, shall postpone the Anticipated Commencement Date of the Lease on a day for day basis until the plans are received by Landlord.

##### B. Changes In Scope of Work:

1. Tenant will be permitted to make adjustments or changes to the approved plans and finishes provided the work has not yet been constructed. Landlord will advise Tenant upon receipt of a Tenant change order request of any additional cost and/or time delays to be incurred by tenant. The change order must be reviewed and approved within five (5) working days of submission. Tenant's failure to provide written approval of any Tenant requested change order within such five (5) working day period shall be deemed a denial.

2. Landlord will be permitted to propose adjustments or changes to the approved plans and finishes provided Landlord's general contractor reasonably determines that any portion of the work or specific finish materials specified by Tenant could delay the Anticipated Completion Date under the Lease. Landlord will advise Tenant of such delays in writing and Tenant shall

promptly respond by either accepting delays to the Anticipated Commencement Date or providing alternate materials. Tenant's failure to respond to Landlord shall be deemed approval of the Landlord's proposed delay to the Anticipated Commencement Date.

## **PART II - LANDLORD'S RESPONSIBILITY**

1. The approved Construction Drawings shall be submitted by Landlord to the appropriate governmental authorities for plan checking and the issuance of required permits and approvals. Landlord and Tenant shall cooperate to make any changes to the Construction Drawings necessary to obtain permits. After final approval of the Construction Drawings by applicable governmental authorities, no further changes may be made thereto, unless minor changes are necessitated by field conditions as determined by Landlord, without the prior written approval of both parties, and then only after agreement by the party requesting such change to pay any excess costs resulting from the design and/or construction of such changes. Landlord shall consult with Tenant with regard to the awarding of contracts for the performance of Landlord's Work. Landlord shall promptly cause its contractor to begin the Landlord's Work and shall supervise the completion of such work and pursue substantial completion thereof with reasonable speed and diligence in accordance with the Construction Drawings and permits. Landlord shall use all reasonable efforts to cause the Landlord's Work to be completed on or before the Anticipated Commencement Date.

2. All work performed in the construction of Landlord's Work shall be performed in a good and workmanlike manner, in accordance with the Construction Drawings, permits and all legal requirements. All materials will be new and of first-class quality. Contractors shall provide and install protective coverings on all walls, door facings, corners, and other reasonable areas along the route to be followed during a delivery. There shall not be used any hand trucks except those equipped with rubber tires. Landlord's Work shall not be constructed with or contain any Hazardous Materials. Landlord shall install and maintain temporary HVAC filters during the construction of Landlord's Work to prevent any dust, dirt or construction debris from entering into the HVAC system. At the completion of the Landlord's Work, Landlord shall replace, at its sole cost, the existing filters with new filters.

3. The Landlord's Work shall be considered "substantially completed" for all purposes hereunder when a certificate of occupancy or similar municipal approval permitting Tenant's use and occupancy of the Premises is obtained and Tenant's architect certifies to the parties that the Landlord's Work has been substantially completed (except for minor finish-out and Punch List items as set forth below, the non-completion of which will not interfere with Tenant's use of the Premises) in substantial compliance with the Construction Drawings. Landlord shall notify Tenant when the Landlord's Work is completed and the Premises is ready for inspection. Tenant shall inspect the Premises within three (3) working days of notification. Tenant's architect will have five (5) working days from date of inspection to notify Landlord of any work that is not deemed to be substantially complete. If no notice is received from Tenant's architect, Tenant and Landlord shall deem the work to be substantially complete.

4. Within five (5) working days after delivery of possession of the Premises to Tenant, Landlord and Tenant shall jointly prepare a list identifying all items of the Landlord's Work that have not yet been completed, the absence of which will not interfere with Tenant's use of the Premises (the "Punch List"). Landlord will cause the general contractor to complete the Punch List as promptly as possible after preparation thereof, but in any event within thirty (30) days of substantial completion.

5. Landlord shall be responsible for the cost of the Landlord's Workup to the Improvement Allowance. Any additional cost shall be borne by Tenant. If the cost of the Landlord's Work (including the Architect's Fee) is less than the Improvement Allowance, Tenant shall not be entitled to any portion of such excess monies.

### **PART III - TENANT'S RESPONSIBILITY**

1. Tenant's data wiring shall be furnished and installed by Tenant at Tenant's expense. Cabling to be strap hung to structure above or placed in cable trays. No wiring will be permitted to lie on ceiling grids or tile. All cable must meet fire code regulations.

2. Tenant shall be permitted to perform work in the Premises during the construction of the Landlord's Work, provided Tenant's contractors shall work in harmony and not interfere with Landlord's and Landlord's agents' constructing Landlord's Work. If at any time such entry shall cause or threaten to cause such disharmony or interference, including labor disharmony, Landlord shall promptly provide notice thereof to Tenant and the parties shall cooperate to avoid any such interference.

3. Tenant shall pay, within twenty (20) days of invoice from Landlord, for the cost of completed Landlord's Work in excess of the Improvement Allowance (provided Landlord shall furnish copies of paid invoices evidencing the Improvement Allowance has been fully disbursed on account of completed Landlord's Work).

**Exhibit C**

**Tenant's Reserved Parking**

**EARLY OCCUPANCY LETTER AGREEMENT**

30<sup>th</sup> THIS EARLY OCCUPANCY LETTER AGREEMENT (this "Agreement") is made this day of September, 2024 by and between ST. JOHN PROPERTIES, INC., as agent for owner (herein called "Landlord") and Climb Global Solutions, Inc. (herein called "Tenant").

WITNESSETH:

Lease for Premises at: 253 Najoles Road

WHEREAS, by that certain TRIPLE NET BUILDING LEASE AGREEMENT of even date herewith (the "Lease"), Landlord leased to Tenant 7,044 square feet of rentable area at: 253 Najoles Road, Suite A-C, Millersville, Maryland 21108 (the "Premises").

WHEREAS, said Lease will commence: April 1, 2025

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, the parties agree as follows:

1. Pursuant to this Agreement, the Tenant shall be permitted occupancy of the Premises as of December 1, 2024 ("Early Occupancy Date"). Tenant shall not be responsible for any Annual Rent during the four (4) month period between the Early Occupancy Date and March 31, 2025 ("Early Occupancy Period"), however, Tenant shall be responsible for Additional Rent during the Early Occupancy Period.
2. During the term of this Agreement, unless otherwise provided in this Agreement, the rights and obligations of the parties shall be governed by the Lease, which is incorporated in this Agreement by reference.
3. Upon the termination of this Agreement, Tenant shall occupy the Premises pursuant to the Lease.
4. As of occupancy, Tenant shall apply for and pay all costs of electricity, gas, telephone and other utilities used or consumed on the Premises, together with all taxes, levies or other charges on such utilities.
5. The parties represent to one another that they have full power and authority to enter into this Agreement.

[SIGNATURE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have caused this Early Occupancy Letter Agreement to be executed and delivered under seal as of the date first above written.

**WITNESS:**

Mindy Scales

**LANDLORD:**

**St. John Properties, Inc., as agent for owner**

By: Matthew J. Lenihan (SEAL)

Printed Name: Matthew J. Lenihan

Title: Senior Vice President

**WITNESS:**

\_\_\_\_\_

**TENANT:**

**Climb Global Solutions, Inc.**

Signed by: Dale Foster (SEAL)

Printed Name: Dale Foster

Title: CEO

**TRIPLE NET BUILDING LEASE AGREEMENT**

**THIS TRIPLE NET BUILDING LEASE AGREEMENT** ("Lease"), made this 30<sup>th</sup> day of September, 2024, by and between ST. JOHN PROPERTIES, INC., a Maryland corporation, as agent for owner, ("**Landlord**"), and Climb Global Solutions, Inc., a Delaware corporation ("**Tenant**").

WITNESSETH, that in consideration of the rental hereinafter agreed upon and the performance of all the conditions and covenants hereinafter set forth on the part of Tenant to be performed, Landlord does hereby lease unto said Tenant, and the latter does lease from the former an agreed upon 7,044 square feet at the following address: 253 Najoles Road, Suite A-C, Millersville, Maryland 21108 ("**Premises**") for the term of five (5) years ("**Term**"), beginning on the first (1<sup>st</sup>) day of April, 2025 ("**Lease Commencement Date**"), and ending on the thirty-first (31<sup>st</sup>) day of March, 2030 ("**Expiration Date**") for the annual rental as set forth in the Annual Rent Schedule below ("**Annual Rent**") payable in advance on the first (1<sup>st</sup>) day of each and every month during the Term in the monthly installments set forth in the Annual Rent Schedule below. Said payments shall be paid to: St. John Properties, Inc., at 2560 Lord Baltimore Drive, Baltimore, Maryland 21244 or at such other place or to such appointee of Landlord as Landlord may from time to time designate in writing.

Annual Rent Schedule

Date	Annual Rent	Monthly Installments
April 1, 2025 – March 31, 2026	\$114,465.00	\$9,538.75
April 1, 2026 – March 31, 2027	\$117,326.63	\$9,777.22
April 1, 2027 – March 31, 2028	\$120,259.79	\$10,021.65
April 1, 2028 – March 31, 2029	\$123,266.29	\$10,272.19
April 1, 2029 – March 31, 2030	\$126,347.94	\$10,529.00

**TENANT COVENANTS AND AGREES WITH LANDLORD AS FOLLOWS:**

1. Tenant shall pay each installment of Annual Rent and Additional Rent (as defined in Section 4) as and when due without setoff or deduction.

**RENTAL ESCALATION**

2. Per Annual Rent Schedule above.

**USE**

3. Tenant shall use and occupy the Premises solely for the following purposes: general office and warehouse for an information technology company.

**ADDITIONAL RENT**

4. All sums of money other than Annual Rent required to be paid by Tenant to Landlord pursuant to the terms of this Lease, unless otherwise specified herein, shall be considered additional rent and shall be collectible by Landlord as additional rent ("**Additional Rent**"), in accordance with the terms of this Lease, including but not limited to:

A. UTILITIES

Tenant shall apply for and pay all costs of electricity, gas, telephone and other utilities used or consumed on the Premises, together with all taxes, levies or other charges on such utilities.

Tenant agrees to pay Landlord, as Additional Rent, Tenant's Pro-Rata Share of Water and Sewer Charges (as defined below). "**Water and Sewer Charges**" are those charges for consumption and use of water and sewer services chargeable to the building or group of buildings in which the Premises is located, together with all land, parking, improvements and other common areas adjacent thereto (collectively, "**Property**"). However, if in Landlord's reasonable judgment the Water and Sewer Charges for the Premises are substantially higher than normal due to Tenant's water usage, then Tenant agrees to install a water meter upon Landlord's written request and thereafter pay all water charges for the Premises based on such meter reading. "**Tenant's Pro-Rata Share of Water and Sewer Charges**" shall mean the same percentage that the gross square foot area of the Premises bears to the gross square foot area of all leasable floor area within the Property that is occupied during the calendar year

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billing period. Landlord shall notify Tenant of any change in Tenant's Pro-Rata Share of Water and Sewer Charges.

#### B. REAL ESTATE TAXES

Tenant shall pay to Landlord, as Additional Rent, Tenant's Pro Rata Share of Real Estate Taxes (as defined below). "**Real Estate Taxes**" are those taxes that may be levied or assessed by lawful taxing authorities against the land, buildings and improvements on the Property. Real Estate Taxes shall include, but not by way of limitation, all benefits or assessments which may be levied on the Premises, but shall not include the United States income tax, or any state or other income tax upon the income or rent payable hereunder. If this Lease shall be in effect for less than a full fiscal year, the Tenant shall pay its Pro-Rata Share of Real Estate Taxes based upon the number of months that this Lease is in effect. "**Tenant's Pro-Rata Share of Real Estate Taxes**" shall mean the same percentage that the gross square foot area of the Premises bears to the gross square foot of all leasable floor area within the Property. Landlord shall notify Tenant of any change in Tenant's Pro-Rata Share of Real Estate Taxes. Tenant's Pro Rata Share Real Estate Taxes as of the date of this Lease is equal to twenty-three and thirty-nine hundredths percent (23.39%).

Prior to or shortly after Lease Commencement Date, Landlord will notify Tenant of Tenant's share of the current tax year's Real Estate Tax bill. Tenant will pay this amount to Landlord within thirty (30) days of date of notice. Tenant will also make escrow payments monthly for subsequent fiscal tax years in accordance with Section 4D below.

#### C. OPERATING EXPENSES

For each full or partial calendar year during the Term, Tenant shall pay to Landlord as Additional Rent, Tenant's Pro-Rata Share of Operating Expenses (defined below). "**Operating Expenses**" are defined as the total cost and expense incurred by or on behalf of Landlord in each calendar year in operating, maintaining, and repairing (which includes replacements, additions, and alterations) the

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common areas of the Property. Operating Expenses will be adjusted, at the election of Landlord, to reflect 95% occupancy during any calendar year in which the Property is not fully occupied.

Operating Expenses include, without limitation; i) the cost of maintaining and repairing all service pipes, electric, gas and water lines, and sewer mains leading to and from the Premises and the building in which the Premises is located; ii) all costs incurred in painting, resurfacing, and landscaping; iii) all costs for repairs and improvements, line painting and striping, common area lighting and electric, removal of snow, grass cutting, and cleaning of parking areas; iv) all costs incurred in maintaining, repairing and replacing the paving, parking areas, curbs, gutters, sidewalks, and steps; v) all costs for repairs and improvements to roof and exterior walls; vi) all costs for monitoring and maintaining, repairing and replacing fire sprinkler monitoring equipment; vii) Landlord's property casualty, liability, and business interruption insurance; viii) security guard/access control services (when Landlord in its reasonable judgment deems necessary); ix) trash removal when supplied by Landlord; x) semi-annual window washing; xi) the cost of compliance with any governmental rules, regulations, requirements or orders; xii) management fees, accounting fees and the cost of services of independent contractors; xiii) the cost of compensation (including employment taxes and fringe benefits) of all persons who perform duties in connection with such Operating Expenses; and xiv) any other expenses or charges which, in accordance with generally accepted accounting and management principles, would be considered an expense of owning, managing, insuring, maintaining, operating, and repairing the Property.

Operating Expenses shall not include: i) any expenses paid by any tenant directly to third parties, or as to which Landlord is otherwise reimbursed by any third party or by any insurance proceeds (Landlord may, in a reasonable manner, allocate insurance premiums for so-called "blanket" insurance policies, which insure other properties as well as the building, and said allocated amounts shall be deemed to be Operating Expenses); ii) payments of principal and interest on any mortgages, deeds of trust or other financing instruments relating to the financing of the Property; iii) leasing commissions or brokerage fees; iv) costs associated with preparing, improving or altering a space for leasing or releasing

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of any space within the Property; and v) capital costs (except capital costs relating to improvements made to the Property (i) to comply with a legal requirement not existing (or changed from that existing) as of the date of this Lease, or (ii) intended to reduce Operating Expenses (for example, a labor saving improvement), which costs shall be capitalized under generally accepted accounting principles and amortized over the useful life of such improvement).

**"Tenant's Pro-Rata Share of Operating Expenses"** (applied to all Operating Expenses except trash removal which formula is calculated below) shall mean the same percentage that the gross square foot area of the Premises bears to the gross square foot of all leasable floor area within the Property. Landlord shall notify Tenant of any change in Tenant's Pro-Rata Share of Operating Expenses. Tenant's Pro Rata Share of Operating Expenses as of the date of this Lease is equal to twenty-three and thirty-nine hundredths percent (23.39%).

**"Tenant's Pro Rata Share of Trash Removal"** shall mean the same percentage that the gross square foot area of the Premises bears to the total gross square foot area of all tenants using the trash removal, storage and collection of recyclable services during the calendar year of the billing period.

During the Term, Tenant's Pro Rata Share of Controllable Operating Expenses (defined below) shall not increase by more than seven percent (7%) per calendar year on a cumulative basis. "Controllable Operating Expenses" means any and all expenses that Landlord has the ability to control, including but not limited to wages, salaries and other benefits paid to Landlord's employees engaged in the operation, management or security of the building, the management fee, and any rental paid for any management office in the building, but specifically excluding the following expenses: i) Real Estate Taxes; ii) utilities; iii) insurance premiums; (iv) snow removal and all other weather-related expenses; and (v) replacements, repairs, removals and improvements necessitated by any law or governmental agency.

#### D. STATEMENTS

Landlord shall notify Tenant from time to time of the amounts which Landlord estimates will be payable by Tenant for Tenant's Pro-Rata Share of Water and Sewer Charges, Tenant's Pro-Rata Share

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of Real Estate Taxes, Tenant's Pro-Rata Share of Operating Expenses, and Tenant's Pro-Rata Share of Trash Removal and Tenant shall pay such amounts in equal monthly installments, as Additional Rent, in advance on or before the first day of each month during the Term. Within a reasonable period of time following the end of each calendar year (or fiscal year for Real Estate Taxes), Landlord shall submit to Tenant a statement summarizing Landlord's costs for the Water and Sewer Charges, Real Estate Taxes, Operating Expenses, and trash removal, to be paid by Tenant with respect to such year, the amount paid by Tenant, and the amount of the resulting balance due or overpayment. If a balance is due to Landlord, Tenant will pay balance to Landlord within thirty (30) days of invoice. Each such statement shall be final and conclusive if no objection is raised within ninety (90) days after submission of each such statement.

If the Term expires on a date other than December 31, then Landlord shall submit to Tenant a statement summarizing the Water and Sewer Charges, Real Estate Taxes and Operating Expenses incurred from January 1 through the termination date, the amount paid by Tenant, and the resulting balance due or overpayment. Such balance due will be considered Additional Rent and may be deducted from any Security Deposit funds being released to Tenant.

Notwithstanding the foregoing provisions of the above section, Landlord shall have the right to require Tenant to pay Tenant's Pro-Rata Share of Water and Sewer Charges, Tenant's Pro-Rata Share of Real Estate Taxes, Tenant's Pro-Rata Share of Operating Expenses, and Tenant's Pro-Rata Share of Trash Removal in quarterly or semi-annual payments rather than on a monthly basis as provided herein.

Tenant shall have ninety (90) days after receiving the above mentioned statement, to audit Landlord's books and records relating to Operating Expenses, Taxes and Water and Sewer Charges. In the event that there is an overpayment by Tenant to the extent of ten percent (10%) or more Landlord shall pay for the reasonable cost of an audit, which cost shall not exceed the cost of the overcharge. If an overpayment has been made by Tenant, same shall be credited against future Rent or refunded within thirty (30) days to Tenant, at its choice.

**MUNICIPAL REGULATIONS**

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5. Tenant shall observe, comply with and execute at its expense, all laws, orders, rules, requirements, and regulations of the United States, State, City or County of the said State, in which the Premises is located, and of any and all governmental authorities or agencies and of any board of fire underwriters or other similar organization, respecting the Premises and the manner in which the Premises are or should be used by Tenant.

Upon request from Landlord, Tenant, at Tenant's sole cost and expense, shall deliver to Landlord data regarding the electricity, natural gas and other energy consumed in the operation of the Premises, and such other related data (e.g., employee count, number of computer screens in the Premises) as reasonably requested by Landlord ("**Energy Data**") for purposes of regulatory compliance, energy management, building environmental performance labeling, and other similar purposes, including but not limited, to energy benchmarking. Tenant acknowledges that Landlord will disclose Energy Data to governmental bodies as required or requested by law and further may disclose Energy Data to others that has been modified, combined or aggregated in a manner such that the resulting data is not exclusively attributable to Tenant; including that Landlord shall be entitled to utilize the Energy Data to apply for or otherwise qualify governmental and nongovernment incentives, which incentives Landlord shall be entitled to retain. Tenant shall be responsible for any regulatory fines or penalties caused by Tenant's energy consumption within the Premises.

#### **ASSIGNMENT AND SUBLET**

6. Tenant shall not assign, transfer, or otherwise encumber (collectively, "**Assignment**") this Lease, all or any of Tenant's rights or obligations hereunder or interest herein, or sublease or otherwise permit another party to occupy (collectively, "**Sublease**") the Premises or any part thereof, without the prior written consent of Landlord and said consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding, Tenant shall not solicit Landlord's existing tenants and Landlord shall have the right to deny Tenant's request to sublease or assign the Lease to any of Landlord's existing tenants. If Landlord consents to such assignment or sublease, Tenant shall not be relieved from any liability

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whatsoever under this Lease. Landlord shall be entitled to any additional considerations over and above those stated in this Lease, which are obtained in or for the sublease and/or assignment. Landlord may assess processing fees that shall be paid by Tenant as Additional Rent. Such fees shall not exceed \$1,000.00.

## **INSURANCE**

### **7. A. TENANT'S INSURANCE**

Throughout the Term, Tenant shall obtain and maintain:

1. Business Personal Property insurance covering Special Causes of Loss. Such Business Personal Property insurance shall not be in an amount less than that required to replace all alterations (whether made by Landlord, Tenant or any previous tenant and irrespective of who paid for such alterations), Tenant's trade fixtures, decorations, furnishings, equipment and personal property and in an amount required to avoid the application of any coinsurance provision. Such Business Personal Property insurance shall contain a Replacement Cost valuation provision.

2. Business Income insurance covering Special Causes of Loss. Such Business Income insurance shall be in minimum amounts typically carried by prudent businesses engaged in similar operations, but in no event shall be in an amount less than the Annual Rent then in effect for the Lease year.

3. Commercial General Liability insurance (written on an occurrence basis) including Contractual Liability coverage insuring the obligations assumed by Tenant under this Lease, Premises and Operations coverage, Personal Injury Liability coverage, Independent Contractor's Liability coverage. Such Commercial General Liability insurance shall be in minimum amounts typically carried by prudent businesses engaged in similar operations, but in no event shall be in an amount less than Two Million Dollars (\$2,000,000) combined single limit per occurrence with a Three Million Dollars (\$3,000,000) annual aggregate. If Tenant conducts operations at locations and/or projects other than the Premises, such annual aggregate limit will be expressed on a "per location" and/or "per project" basis, as

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the case may be. Such Commercial General Liability insurance shall be primary to – and non-contributory with – any similar insurance carried by Landlord.

4. Workers' Compensation insurance including Employer's Liability insurance. Such Workers' Compensation insurance shall be for the statutory benefits which may, from time to time throughout the term of this Lease, become payable in the jurisdiction in which the Premises are located. Such Workers' Compensation insurance will include a Waiver of Subrogation in favor of Landlord. In claims against any person or entity indemnified under this Lease by an employee of the Tenant, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under this section shall not be limited by a limitation in amount or types of damages, compensation or benefits payable by or for the Tenant under workers compensation acts, disability benefits acts or other employee benefit acts.

All such insurance shall: (1) be issued by a company that is "Admitted" to do business in the jurisdiction in which the Premises are located, and that has a rating equal to or exceeding A: XI from A.M. Best Company; (2) name as additional insureds (except for Workers' Compensation and Employer's Liability) the building owner, St. John Properties, Inc., its respective officers, partners, employees, agents, representatives and any other party required to be indemnified and/or held harmless under the terms of any written contract or agreement with Landlord pertaining to this Lease and/or to the Premises, and the holder of any mortgage; (3) contain an endorsement prohibiting cancellation or failure to renew without the insurer first giving Landlord thirty (30) days' prior written notice (by certified or registered mail, return receipt requested) of such proposed action (no less than ten [10] days' notice of cancellation or failure to renew for non-payment of premium).

No such Commercial General Liability, Workers' Compensation or Employer's Liability insurance shall contain a self-insured retention provision except as otherwise approved in writing by Landlord, which approval shall not be unreasonably withheld. Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts or different types of insurance if it becomes

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customary for other landlords of similar buildings as that which contains the Premises to require similar-sized tenants in similar industries to carry insurance of such higher minimum amounts or of different types. Upon occupancy, Tenant shall deliver a certificate of all required insurance and will continue throughout the Term to do so not less than ten (10) days prior to the expiration of any required policy of insurance. Neither the issuance of any insurance policy required under this Lease nor the minimum limits specified herein shall be deemed to limit or restrict in any way Tenant's liability arising under or out of this Lease.

To the fullest extent permitted by law, Tenant shall indemnify and hold harmless Landlord, its partners, employees, agents, representatives, and any other party required to be indemnified and/or held harmless under the terms of any written contract or agreement with Landlord pertaining to this Lease and/or to the Premises, from and against all claims, damages, losses, costs and/or expenses, including, but not limited to attorneys' fees, arising out of or resulting from Tenant's acts or omissions, occupancy of the Premises or obligations under this Lease. If the laws of the governing jurisdiction do not permit such an indemnification and/or hold harmless, then Tenant's obligations to indemnify and hold harmless the indemnitees will be to the fullest extent permitted and all other parts of this Lease and this paragraph will apply.

#### B. LANDLORD'S INSURANCE

Throughout the term of this Lease, Landlord shall obtain and maintain:

1. Real Property insurance against Special Causes of Loss and subject to Replacement Cost valuation covering the building and all of Landlord's property therein in an amount required by its insurance company to avoid the application of any coinsurance provision.

2. Commercial General Liability insurance (written on an occurrence basis) including Contractual Liability coverage insuring the obligations assumed by Landlord under this Lease, Premises and Operations coverage, Personal Injury Liability coverage, Independent Contractor's Liability coverage. Such Commercial General Liability insurance shall be in amounts not less than Two Million

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Dollars (\$2,000,000) combined single limit per occurrence with a Four Million Dollar (\$4,000,000) annual aggregate.

**ALTERATIONS**

8. A. Tenant shall not make or permit any improvements, alterations, fixed decorations, substitutions or modifications, structural or otherwise, to the Premises or the building (collectively, "**Alterations**") without the prior written approval by Landlord of complete plans and specifications prepared and submitted by Tenant in accordance with subsection B, below.

B. If Tenant shall desire to make any Alterations, Tenant shall first submit plans for the Alterations to Landlord for approval, and upon approval, the Alterations shall be performed at Tenant's sole cost and expense by contractors or mechanics approved by Landlord, and at such times and in such manner as Landlord may reasonably designate. In the event that a building permit is required, Landlord shall have the first option to submit the permit application on behalf of Tenant, but in all events the requisite permits shall be obtained prior to commencing performance of the Alterations and all permit costs shall be at Tenant's expense. Tenant covenants that all work shall be done in a good and workmanlike manner, that the structural integrity of the building shall not be impaired, no liens shall attach to the building by reason thereof, and all Alterations shall be in conformance with all applicable laws and codes. Prior to commencing performance of any Alterations, Tenant shall (i) obtain and keep in full force and effect at all times while Alterations are being performed, at Tenant's sole cost and expense, such insurance coverage pertaining to such Alterations as Landlord may reasonably require Tenant to obtain, including, but not limited to, public liability and property damage insurance, and (ii) provide to Landlord evidence satisfactory to Landlord of the existence of such insurance. Tenant shall also provide to Landlord written waivers of mechanics' and materialmen's liens against the Premises and the Property from all such persons or entities with respect to all work, labor, and services performed and materials furnished in connection with the Alterations.

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C. Any such Alterations shall become the property of Landlord as soon as they are affixed to the Premises and all rights, title and interest therein of Tenant shall immediately cease, unless otherwise agreed to by Landlord in writing. Landlord shall have the sole right to collect any insurance for any damage of any kind caused by any Alterations placed upon the Premises by Tenant. If the making of any such Alterations, or the obtaining of any permits therefore shall directly or indirectly result in a franchise, minor privilege or any other tax or increase in tax, assessment or increase in assessment, such franchise, privilege, tax or assessment shall be paid, immediately upon its levy and subsequent levy, by Tenant.

D. Unless Landlord shall consent in writing that Alterations, in whole or in part, may remain in the Premises, all Alterations shall be removed and the Premises shall be restored to the Premises' original condition, by Tenant at its sole cost and expense, before the expiration or termination of this Lease.

E. Except as otherwise expressly provided herein, the costs of any Alterations that Tenant requests Landlord to perform on Tenant's behalf during the Term shall be due and payable as Additional Rent.

#### **MAINTENANCE AND SERVICES**

9. A. **TENANT'S RESPONSIBILITY.** Tenant shall, during the Term, keep the Premises and appurtenances (including, but not limited to, interior and exterior windows, interior and exterior doors, interior plumbing, heating, ventilating and air conditioning ("**HVAC**"), and interior electrical, in good order and condition and will make all necessary repairs or replacement thereof. Landlord does, however, give a ninety (90) day warranty on all of the above mentioned items. This warranty does not include the required annual maintenance contract on the HVAC unit(s) as described below. Any repair made by Landlord, at Tenant's request, to the Premises shall be invoiced to Tenant and shall become due and payable as Additional Rent within thirty (30) days of invoice. Tenant shall be responsible for all exterminating services, except termites, required in the Premises. If Tenant does not make necessary repairs within fifteen (15) days after receiving written notice from Landlord of the need to make a repair,

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Landlord may proceed to make said repair and the cost of said repair will become part of and in addition to the next due monthly installment of Additional Rent.

B. HVAC ANNUAL MAINTENANCE CONTRACT. Tenant agrees to furnish to Landlord, at the expense of Tenant, prior to occupancy, a copy of an executed and paid for annual maintenance contract on all HVAC equipment with a reputable company acceptable to Landlord, and will be kept in effect during the Term, at the expense of Tenant. Should Tenant not provide a satisfactory HVAC maintenance contract to Landlord prior to occupancy, Tenant shall be provided a contract through the Landlord and billings for this contract shall become due and payable as Additional Rent within thirty (30) days of invoice.

C. LANDLORD'S RESPONSIBILITY. Landlord shall make all necessary structural repairs to the exterior masonry walls and roof of the Premises, after being notified in writing of the need for such repairs. In the event the necessity for such repairs is caused by the negligence or misuse of Tenant, its employees, agents or customers, the cost of such repairs shall be at Tenant's expense.

D. SURRENDER. Tenant shall, at the expiration of the Term or at the sooner termination thereof by forfeiture or otherwise, deliver up the Premises in the same good order and condition as it was at the beginning of the tenancy, reasonable wear and tear excepted.

#### **DEFAULT**

10. In the event Tenant shall fail to pay said installments of Annual Rent, Additional Rent or any other sum required by the terms of this Lease, additional written agreements or addenda of this Lease to be paid by Tenant, and such failure shall continue for five (5) days after Landlord has given written notice thereof to Tenant, Landlord shall have along with any and all other legal remedies the immediate right to make distress therefore, and upon such distress, in Landlord's discretion, this tenancy shall terminate. In the event Tenant shall fail to comply with any of the provisions, covenants or conditions of this Lease, on its part to be kept and performed, and such default shall continue for a period of ten (10) days after

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Landlord has given written notice to Tenant, then, upon the happening of any such event, and in addition to any and all other remedies that may thereby accrue to Landlord, Landlord may do the following:

A. Landlord's Election to Retake Possession Without Termination of Lease

Landlord may retake possession of the Premises with legal process and shall have the right, but not the obligation, without being deemed to have accepted a surrender thereof, and without terminating this Lease, to relet the same for the remainder of the Term upon terms and conditions satisfactory to Landlord; and if the rent received from such reletting does not at least equal the Annual Rent and other sums payable by Tenant hereunder, Tenant shall pay and satisfy the deficiency between the amount of Annual Rent and other sums so provided in this Lease and the Annual Rent received through reletting the Premises; and, in addition, Tenant shall pay reasonable expenses in connection with any such reletting, including, but not limited to, the cost of renovating, altering, and decorating for any occupancy, leasing commissions paid to any real estate broker or agent, and attorneys' fees incurred.

B. Landlord's Election to Terminate Lease

Landlord may terminate the Lease and forthwith repossess the Premises and be entitled to recover as damages a sum of money equal to the total of the following amounts:

1. any unpaid rent or any other outstanding monetary obligation of Tenant to Landlord under the Lease;
  2. the balance of the rent and other sums payable by Tenant for the remainder of the Term to be determined as of the date of Landlord's re-entry;
  3. damages for the wrongful withholding of the Premises by Tenant;
  4. all legal expenses, including attorneys' fees, expert and witness fees, court costs and other costs incurred in exercising its rights under the Lease;
  5. all costs incurred in recovering the Premises, restoring the Premises to good order and condition, and all commissions incurred by Landlord in reletting the Premises; and
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6. any other reasonable amount necessary to compensate Landlord for all detriment caused by Tenant's default.

**DAMAGE**

11. In the case of the total destruction of the Premises by fire or other natural casualty, as shall render the Premises totally unfit for occupancy by Tenant for more than sixty (60) days, this Lease, upon surrender and delivery to Landlord of the Premises, together with the payment of the monthly installments of Annual Rent and Additional Rent to the date of such occurrence, shall terminate and be at an end. If the Premises are rendered partly untenable by any cause mentioned in the preceding sentence, Landlord shall, at its own expense, restore the Premises with all reasonable diligence, and the monthly installments of Annual Rent and Additional Rent shall be abated proportionately for the period of said partial untenability and until the Premises shall have been fully restored by Landlord. In the event Landlord is not able to restore the Premises for use by Tenant within one hundred twenty (120) days, Tenant, at its election, may terminate this Lease by giving to Landlord notice of such election within thirty (30) days following the expiration of such one hundred twenty (120) day period. In the event that Landlord completes the restoration of the Premises within thirty (30) days after receipt of Tenant's notice of termination referenced in the immediately preceding sentence, Tenant's notice of termination shall be deemed to be rescinded and shall be null and void and without further force and effect.

**BANKRUPTCY**

12. In the event of the appointment of a receiver or trustee for Tenant by any court, federal and state, in any legal proceedings under any provisions of the Bankruptcy Act, if the appointment of such receiver or such trustee is not vacated within sixty (60) days, or if said Tenant be adjudicated bankrupt or insolvent, or shall make an assignment for the benefit of its creditors, then and in any of said events, Landlord may, at its option, terminate this tenancy by ten (10) days written notice, and re-enter upon the Premises.

**POSSESSION/BENEFICIAL OCCUPANCY**

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13. Tenant shall be granted possession to the Premises prior to the Lease Commencement Date in accordance with a separate Early Occupancy Letter Agreement executed by Landlord and Tenant ("**Early Occupancy Agreement**"). Landlord covenants and agrees that possession of the Premises shall be given to Tenant as soon as the Premises are ready for occupancy. If possession cannot be given to Tenant on or before the Early Occupancy Date (as defined in the Early Occupancy Agreement) and such delay is not caused by the acts or omissions of Tenant, the Early Occupancy Date, Lease Commencement Date and Expiration Date shall be extended on a day for day basis until possession is given. However, in the event possession cannot be given to Tenant on or before the Lease Commencement Date of this Lease, and such delay is caused by the acts or omissions of Tenant, rent shall commence on the Lease Commencement Date.

If Tenant occupies any portion of the Premises prior to tender of possession thereof by Landlord, such occupancy shall be deemed to be beneficial occupancy and a proportionate share of the Annual Rent and Additional Rent shall be due and payable as to that portion of the Premises so occupied, immediately upon Tenant's occupancy. Such occupancy by Tenant and installments of Annual Rent and Additional Rent thereby due shall not depend on official governmental approval of such occupancy, state of completion of building, availability or connection of utilities and services including but not limited to water, sewer, well water, septic system, gas, oil, or electric. No Annual Rent credit shall be given because of lack of utilities or services unless caused by the negligence of Landlord.

**SIGNS, ETC.**

14. Tenant covenants and agrees that:

- A. All signs shall be in compliance with Landlord's sign specifications attached hereto;
  - B. It shall not place or permit any signs, lights, awnings or poles on or about the exterior of the Premises without the prior permission, in writing, of Landlord and in the event such consent is given, Tenant agrees to pay any minor privileges or other tax.
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C. Landlord, at Landlord's option, may immediately remove and dispose of any of the unauthorized aforementioned items at the expense of Tenant and said cost shall become part of and in addition to the next due monthly installments of Annual Rent, as Additional Rent. Tenant further covenants and agrees that it will not paint or make any changes in or on the outside of the Premises without the written consent of Landlord. Tenant agrees that it will not do anything on the outside of the Premises to change the uniform architecture, paint or appearance of said building, without the written consent of Landlord.

D. Landlord shall have the right to place a "For Rent" sign on any portion of the Premises for ninety (90) days prior to termination of this Lease and to place a "For Sale" sign thereon at any time.

E. Upon Lease termination Tenant shall remove all exterior signage so as to leave the building in the same condition prior to Tenant's occupancy.

**EXTERIOR OF PREMISES**

15. Tenant covenants and agrees not to put any items on the sidewalk or parking lot in the front, rear, or sides of said building or block said sidewalk, and not to do anything that directly or indirectly takes away any of the rights of ingress or egress of light from any other tenant of Landlord or do anything which will, in any way, change the uniform and general design of the Property. Tenant will also keep the rear steps to the Premises free and clear of ice, snow and debris.

**WATER DAMAGE**

16. Tenant covenants and agrees that Landlord shall not be held responsible for and Landlord is hereby released and relieved from any liability by reason of or resulting from damage or injury to person or property of Tenant or of anyone else, directly or indirectly caused by (a) dampness or water in any part of the Premises or in any part of any other property of Landlord or of others and/or (b) any leak or break in any part of the Premises or in any part of any other property of Landlord or of others or in the pipes of the plumbing or heating works thereof, unless the damage is due to Landlord's negligence.

**LIABILITY**

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17. Landlord shall not be liable to Tenant for any loss or injury to Tenant or to any other person or to the property of Tenant or of any other person unless such loss or damage shall be caused by or result from a negligent act or omission solely on the part of Landlord, its agents, or employees. Tenant shall, and does hereby, indemnify and hold harmless Landlord and any other parties in interest from and against any and all liabilities, fines, claims, damages and actions, costs and expenses of any kind or nature (including attorneys' fees) and of anyone whatsoever (i) relating to or arising from Tenant's use and occupancy of the Premises; (ii) due to or arising out of any mechanic's lien filed against the building, or any part thereof, for labor performed or for materials furnished or claimed to be furnished to Tenant, or (iii) due to or arising out of any breach, violation or nonperformance of any covenant, condition or agreement in this Lease set forth and contained on the part of Tenant to be fulfilled, kept, observed or performed. If the laws of the governing jurisdiction do not permit such an indemnification and/or hold harmless, then Tenant's obligations to indemnify and hold harmless the indemnitees will be to the fullest extent permitted and all other provisions of this Lease and this Section will remain in full force and effect. Tenant's obligations to indemnify and hold harmless the indemnitees shall survive the expiration or termination of this Lease.

To the fullest extent permitted by law, Landlord shall indemnify and hold harmless Tenant, its partners, employees, agents, representatives and any other party required to be indemnified and/or held harmless under the terms of this Lease, from and against all claims, damages, losses, costs and/or expenses, including, but not limited to, reasonable attorneys' fees, arising out of or resulting from the negligent acts or omissions of Landlord, or Landlord's employees, agents or contractors. If the laws of the governing jurisdiction do not permit such an indemnification and/or hold harmless, then Landlord's obligations to indemnify and hold harmless the indemnitees will be to the fullest extent permitted and all other parts of this Lease and this section will apply.

In the event Landlord provides any Security Guard or Access Control Services as described herein in Section 4C, Landlord is hereby released from any responsibility for any damages either to

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person or property sustained by Tenant incurred in connection with or arising from acts or omissions of any security guard or access control services provided by Landlord.

**RIGHT OF ENTRY**

18. It is understood and agreed that Landlord, its agents, and employees, shall have, and Tenant hereby gives them and each of them, the absolute and unconditional right, license and permission, at any and all reasonable times, and for any reasonable purpose whatsoever, to enter through, across or upon the Premises or any part thereof, and, at the option of Landlord, to make such reasonable repairs to or changes in the Premises as Landlord may deem necessary or proper. Tenant agrees Landlord and its agents and assigns have the unconditional right to show the Premises for lease at any time, without notice once Tenant notifies Landlord of its intention to vacate the Premises.

**EXPIRATION**

19. It is agreed that the Term expires on the Expiration Date, without the necessity of any notice by or to any of the parties hereto. If Tenant shall occupy the Premises after such expiration, it is understood that, in the absence of any written agreement to the contrary, said Tenant shall hold the Premises as a "Tenant from month to month", subject to all the other terms and conditions of this Lease, at double the highest monthly installments of Annual Rent reserved in this Lease; provided that Landlord shall, upon such expiration, be entitled to the benefit of all public general or public local laws relating to the speedy recovery of the possession of lands and tenements held over by Tenant that may be now in force or may hereafter be enacted.

Prior to Lease expiration, Tenant agrees to schedule an inspection with Landlord to confirm that the Premises will be in proper order at expiration, including, but not limited to, lighting, mechanical, electrical and plumbing systems.

**CONDEMNATION**

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20. It is agreed that in the event condemnation proceedings are instituted against the Premises and possession taken by the condemning authority, then this Lease shall terminate at the date possession is taken and Tenant shall not be entitled to recover any part of the award.

**SUBORDINATION**

21. It is agreed that Landlord shall have the right to place a mortgage or deed of trust on the Premises and this Lease shall be subordinate to any such mortgage or deed of trust whether presently existing or hereafter placed on the Premises, and Tenant agrees to execute any reasonable documents assisting the effectuating of said subordination. Furthermore, if any person or entity shall succeed to all or part of Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, Tenant shall automatically attorn to such successor in interest, which attornment shall be self operative and effective upon the signing of this Lease, and Tenant shall execute such other agreement in confirmation of such attornment as such successor in interest shall reasonably request.

**NOTICE**

22. Any written notices required by this Lease shall be deemed sufficiently given, if (i) hand delivered, (ii) sent via first class U.S. mail, (iii) certified mail or (iv) overnight courier service, to the addresses set forth below, or at such other place as Landlord or Tenant may from time to time designate in writing:

Any notice required by this Lease is to be sent to Landlord at:

2560 Lord Baltimore Drive

Baltimore, Maryland 21244

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24. It is agreed that the failure of Landlord to insist in any one or more instances upon a strict performance of any covenant of this Lease or to exercise any right herein contained shall not be construed as a waiver or relinquishment for the future of such covenant or right, but the same shall remain in full force and effect, unless the contrary is expressed in writing by Landlord. The receipt of the monthly installments of Annual Rent or Additional Rent by Landlord, with knowledge of any breach of this Lease by Tenant or of any default on the part of Tenant hereunder, shall not be deemed to be a waiver of any provisions of this Lease. Neither acceptance of the keys nor any other act or thing done by Landlord or any agent or employee of Landlord shall be deemed to be an acceptance of a surrender of the Premises, excepting only an agreement in writing by Landlord accepting or agreeing to accept such surrender.

#### **SECURITY DEPOSIT, PREPAYMENT AND FINANCIAL STATEMENTS**

25. A security deposit of \$9,538.75 ("**Security Deposit**") and the first monthly installment of Annual Rent and Additional Rent in the amount of \$11,751.74 ("**Prepayment**") is required to accompany this Lease, when submitted for approval by Landlord, subject to all the conditions of the Security Deposit Agreement attached. If this Lease is not executed by Landlord within forty-five (45) days of its submission to Landlord, the Security Deposit and the Prepayment will be refunded in full. Landlord shall have the right to require annual financial statements for Tenant and/or any Guarantor of this Lease. Tenant or Guarantor shall provide written answers to any questions from Landlord which are related to Tenant's financial statements or provide written projections on Tenant's business, if the financials are unacceptable to Landlord.

#### **FINAL AGREEMENT**

26. This Lease contains the final and entire agreement between the parties hereto, and neither they nor their agents shall be bound by any terms, conditions or representations not herein written.

#### **LEGAL EXPENSE**

27. In the event, to enforce the terms of this Lease, Landlord files legal action against Tenant, and is successful in said action, the Tenant agrees to pay all reasonable expenses to Landlord, including the

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attorneys' fee incident to said legal action. In the event that Landlord is successful in any legal action filed against Tenant, Landlord's expenses incident to said legal action shall be due as Additional Rent within thirty (30) days of invoice.

#### **LAND**

28. It is agreed that the Premises is the building area occupied by Tenant and only the land under that area.

#### **RELOCATION**

29. Landlord shall have the right at any time during the Term, upon not less than ninety (90) days written notice to Tenant, to relocate Tenant to another location within the Property, or to another building within the park where the Property is located, provided: (a) the new location is reasonably similar to size, utility, and appearance to the Premises hereby demised and (b) Landlord pays all reasonable moving costs incurred by Tenant in connection with such move. The parties shall, upon Landlord's request, execute an amendment to this Lease which will specify the change in Premises, but this Lease shall in no other respect be amended.

#### **ENVIRONMENTAL REQUIREMENTS**

30. Tenant hereby covenants and agrees that if at any time it is determined that there are materials placed on the Premises by Tenant which, under any environmental requirements require special handling in collection, storage, treatment, or disposal, Tenant shall, within thirty (30) days after written notice thereof, take or cause to be taken, at its sole expense, such actions as may be necessary to comply with all environmental requirements. If Tenant shall fail to take such action, Landlord may make advances or payments towards performance or satisfaction of the same but shall be under no obligation to do so; and all sums so advanced or paid, including all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, including, without limitation, reasonable attorneys' fees, fines, or other penalty payments, shall be at once repayable by Tenant as Additional Rent and shall bear interest at the rate of four percent (4%) per annum above the Prime Rate from time to time

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as published by The Wall Street Journal, from the date the same shall become due and payable until the date paid. Failure of Tenant to comply with this Section shall constitute a default under this Lease and the provisions of this Section shall survive the expiration or termination of this Lease.

**SEVERABILITY**

31. In the event any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Lease, but this Lease shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

**LATE CHARGE**

32. In the event Tenant shall fail to pay when due, the monthly installments of Annual Rent, Additional Rent or any other sum required by the terms of this Lease to be paid by Tenant, then, upon the happening of any such event, and in addition to any and all other remedies that may thereby accrue to Landlord, Tenant agrees to pay to Landlord a late charge of five percent (5%) of the monthly account balance. The late charge on the Annual Rent accrues after ten (10) days of the due date, payable as Additional Rent and the late charge on other amounts due Landlord accrue thirty (30) days from invoice, payable as Additional Rent. In the event the monthly installment of Annual Rent is received fifteen (15) days after due date, Landlord shall have option to require the rental payment be made with a certified or cashier's check.

**QUIET ENJOYMENT**

33. Tenant, upon paying the monthly installments of Annual Rent, Additional Rent and other charges herein provided and observing and keeping all of its covenants, agreements, and conditions in this Lease, shall quietly have and enjoy the Premises during the Term without hindrance or molestation by anyone claiming by or through Landlord: subject, however, to all exceptions, reservations and conditions of this Lease.

**LANDLORD'S WORK**

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34. Landlord, at Landlord's sole cost and expense, shall construct interior improvements utilizing building standard materials and finishes in accordance with the mutually agreed upon floor plan dated September 10, 2024 and attached hereto as Exhibit A.

**WINDOW COVERINGS**

35. Tenant shall not install any window covering other than a one-inch horizontal mini-blind of an off-white color unless approved in writing by Landlord.

**RULES AND REGULATIONS**

36. Tenant shall at all times comply with the Rules and Regulations attached hereto and made a part hereof. Landlord shall make a reasonable effort to enforce the Rules and Regulations equitably against all tenants of the Property.

**ESTOPPEL CERTIFICATE**

37. Either party shall, at any time during the Term, upon request of either party, execute, acknowledge, and deliver to either party or its designee, a statement in writing, certifying that this Lease is unmodified and in full force and effect if such is the fact that the same is in full force and effect.

**EXCULPATION CLAUSE**

38. No principal, partner, member, officer, director, trustee or affiliate of Landlord (collectively, "Landlord Affiliates") shall have any personal liability under any provision of this Lease.

**AUTHORIZATION TO SIGN LEASE**

39. If Tenant is a corporation, each individual executing the Lease on behalf of Tenant represents and warrants that he/she is duly authorized to execute and deliver the Lease on behalf of Tenant in accordance with Tenant's bylaws or a duly adopted resolution of Tenant's Board of Directors, authorizing the execution of the Lease and that the Lease is binding upon Tenant in accordance with its terms.

**APPLICABLE LAW**

40. Construction and interpretation of this Lease shall be governed by the laws of the State of Maryland, excluding any principles of conflicts of laws. Tenant hereby consents to the jurisdiction and

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venue of the Courts of the State of Maryland and to the jurisdiction and venue of any United States District Court in the State of Maryland.

**FORCE MAJEURE**

41. If either party hereto shall be delayed or hindered in or prevented from the performance of any non-monetary act by Force Majeure (as defined below), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section 41 shall not operate to excuse Tenant from the prompt payment of rent or any other payments required by the terms of this Lease and shall not operate to delay or extend the Term. "Force Majeure" means a material delay beyond the reasonable control of the delayed party caused by labor strikes, lock-outs, industry-wide inability to procure materials, extraordinary restrictive governmental laws or regulations (such as gas rationing), mass riots, war, military power, terrorist acts, sabotage, material fire or other material casualty, pandemic, or an extraordinary and material act of God (such as a tornado or earthquake), but excludes inadequacy of insurance proceeds, litigation or other disputes, financial inability, lack of suitable financing, and delays of the delayed party's contractor. Delays or failures to perform resulting from lack of funds shall not be deemed delays beyond the reasonable control of a party. Strikes, walkouts or other labor troubles by Tenant shall not constitute an event of Tenant Force Majeure.

**AGREEMENT CONTENTS**

42. The headings, captions and titles in this Lease are for convenience of reference only and shall have no effect upon the construction or interpretation of this Lease. This Lease may be executed in counterparts, each of which shall be deemed a part of an original and all of which together shall constitute one agreement. This Lease may be electronically signed, that any digital or electronic signatures (including pdf, facsimile or electronically imaged signatures provided by DocuSign or any other digital signature provider) appearing on this Lease are the same as handwritten signatures for the purposes of validity, enforceability and admissibility, and that delivery of any such electronic signature to,

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or a signed copy of, this Lease may be made by facsimile, email or other electronic transmission. The parties agree that Landlord may preserve the Lease in electronic format, and Tenant waives any objections as to the Lease's authenticity or admissibility in a court of law.

[Signature page follows]

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AS WITNESS THE HANDS AND SEALS OF THE PARTIES HERETO THE DAY AND YEAR FIRST ABOVE WRITTEN:

WITNESS:

\_\_\_\_\_

TENANT:

**Climb Global Solutions, Inc.**

a Delaware corporation

By: Dale Foster (SEAL)

Printed Name: Dale Foster

Title: CEO

WITNESS:

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LANDLORD:

**ST. JOHN PROPERTIES, INC.,**

a Maryland corporation (as agent for owner)

By: Matthew J. Lenihan (SEAL)

Printed Name: Matthew J. Lenihan

Title: Senior Vice President

## SECURITY DEPOSIT AGREEMENT

This is **NOT** a receipt.

Date: September 30, 2024

St. John Properties, Inc., as agent for owner ("Landlord") received from Climb Global Solutions, Inc. ("Tenant") the amount of \$9,538.75, as security deposit for the premises known as 253 Najoles Road, Suite A-C, Millersville, Maryland 21108 ("Premises").

Landlord agrees that, subject to the conditions listed below and terms of the foregoing Lease, this security deposit will be returned in full within forty-five (45) days of vacancy, provided, however, that to the extent any such conditions have been satisfied, the security deposit less any deductions for the Landlord's cost of satisfying such conditions and/or payment of such amounts due, shall be returned to Tenant within forty-five (45) days of vacancy.

Tenant agrees that this security deposit may not be applied by Tenant as rent and that the full monthly rent will be paid on or before the first day of every month, including the last month of occupancy. Tenant further agrees that a mortgagee of the property demised by the Lease to which this Security Deposit Agreement is appended and/or a mortgagee thereof in possession of said property and/or a purchaser of said property at a foreclosure sale shall not have any liability to Tenant for this security deposit.

### SECURITY DEPOSIT RELEASE PREREQUISITES

- Full Term of Lease has expired.
  - No damage to property beyond ordinary wear and tear.
  - Entire Premises broom clean and in order.
  - No unpaid late charges or delinquent rents, or other delinquent sums payable by Tenant.
  - All keys returned to Landlord.
  - All debris and rubbish and discards placed in proper rubbish containers.
  - Forwarding address left with Landlord.
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AS WITNESS THE HANDS AND SEALS OF THE PARTIES HERETO THE DAY AND YEAR  
FIRST ABOVE WRITTEN:

WITNESS:

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WITNESS:

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TENANT:

Climb Global Solutions, Inc.  
a Delaware corporation

By: Dale Foster (SEAL)  
488BC0278DE24C4...

Printed Name: Dale Foster

Title: CEO

LANDLORD:

ST. JOHN PROPERTIES, INC.,  
a Maryland corporation (as agent for owner)

By: Matthew J. Lenihan (SEAL)

Printed Name: Matthew J. Lenihan

Title: Senior Vice President

## **RULES AND REGULATIONS**

- 1) The Common Facilities, and the sidewalks, driveways, and other public portion of the Property shall not be obstructed or encumbered by Tenant or used for any purpose other than ingress or egress to and from the Premises, and Tenant shall not permit any of its employees, agents, licensees or invitees to congregate or loiter in any of the Property. Tenant shall not invite to, or permit to visit the Premises, persons in such numbers or under such conditions as may interfere with the use and enjoyment by others of the Property. Landlord reserves the right to control and operate, and to restrict and regulate the use of, the Property and the public facilities, as well as facilities furnished for the common use of tenants, in such manner as it deems best for the benefit of tenants generally.
  - 2) No animals (except Service Animals), fish or birds of any kind shall be brought into, or kept in or about the Premises within the building.
  - 3) Tenant shall not make or cause to make noise, including, but not limited to, music, the playing of musical instruments, recordings, radio or television, which, in the judgment of Landlord, might disturb other tenants in the building or Property.
  - 4) Tenant shall not use the Premises or allow it to be used for lodging or sleeping or for any immoral or illegal purpose.
  - 5) Tenant shall not cause or permit any odors of cooking or other processes, or any unusual or objectionable odors, to emanate from the Premises which would annoy other tenants or create a public or private nuisance. Smoking or vaping (of any kind) is not allowed in the Premises or within 50 feet of any entrance to the building and Landlord may post suitable signage to that effect.
  - 6) Plumbing facilities shall not be used for any purpose other than those for which they were constructed. No sweepings, rubbish, ashes, newspapers, objects or other substances of any kind shall be thrown into the plumbing facilities.
  - 7) Tenant agrees to keep the Premises in a neat, good and sanitary condition and to place garbage, trash, rubbish and all other disposables only where Landlord directs.
  - 8) Landlord reserves the right to rescind, alter, waive or add, any rule or Regulation at any time prescribed for the building when, in the reasonable judgment of Landlord, Landlord deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Property, or the preservation of good order therein, or the operation or maintenance of the Property, or the equipment thereof, or the comfort of tenants or others in the Property. No rescission, alteration, waiver or addition of any rule or regulation in respect of one tenant shall operate as a rescission, alteration or waiver in respect of any other tenant.
  - 9) Tenant shall have the non-exclusive right to park in parking spaces in front of and behind Tenant's Premises. This area shall be defined by two imaginary lines extending out from Tenant's demising walls.
  - 10) Tenant shall not place storage trailers or other storage containers of any type outside the Premises.
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- 11) Tenant shall not park on a permanent or semi-permanent basis, any trailer behind dock doors or in any other location outside the Premises for the purpose of storage.
- 12) Tenant shall place any and all trash containers in the rear parking lot with a minimum of 15 feet distance from the building and within the two imaginary lines extending out from Tenant's rear demising walls. Tenant shall comply with Landlord's recycling and waste management policy, as part of Landlord's sustainability practices.
- 13) Tenant acknowledges that it is Landlord's intention that the Property be operated in a manner which is consistent with the Landlord's sustainability practices and that the building is or may be in the future certified pursuant to the U.S. Green Building Council's LEED rating system. Tenant is required to comply with these sustainability practices outside of the Premises and to the extent activities within the Premises jeopardize such certification to comply with those practices within the Premises.
- 14) The Landlord does not conduct fire or other evacuation drills or the like for the building, but the Tenant may, with written notice to Landlord, conduct emergency evacuation drills. In the event of an emergency, including a building alarm sounding, the Tenant should have all immediately safely evacuate the building and promptly notify the appropriate authorities, be it fire department or police.
- 15) Non-compliance with any of the above rules and regulations may, in Landlord's sole judgment, result in a monetary fine not to exceed \$100 per day. Landlord will notify Tenant of such violations and Tenant will have five (5) days to rectify, after which, daily fine will be applied, due and payable as Additional Rent within thirty (30) days of invoice.

DATED 3rd July 2025

I. RANGELEY & COMPANY LIMITED

-and-

CLIMB GLOBAL SOLUTIONS LIMITED

COUNTERPART LEASE

-of-

2 Prigg Meadow Ashburton Devon

Term: 12 years  
Commencing: May 1st 2026  
Initial Rent: £32, 500

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## **PRESCRIBED CLAUSES**

**LR1. Date of lease** 3rd July 2025

**LR2. Title number(s)**

LR2.1 Landlord's title number(s)

DN436898

LR2.2 Other title numbers

None.

**LR3. Parties to this lease**

**Landlord**

I. RANGELEY & COMPANY LIMITED incorporated and registered in England and Wales with Company Number 01131701 whose registered office is at 61 Pembroke Street, Plymouth, PL1 4JS

**Tenant**

CLIMB GLOBAL SOLUTIONS incorporated and registered in England and Wales with company Number 01671407 whose registered office is at 2 Prigg Meadow Ashburton Newton Abbot Devon TQ13 7DF

**Other parties**

None

**LR4. Property;**

**In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.**

See the definition of "the Demised Premises" in clause 1.2 of this lease.

**LR5. Prescribed statements etc.**

**LR5.1 Statements prescribed under rules 179 (dispositions in favour of a charity), 180 (dispositions by a charity) or 196 (leases under the Leasehold Reform, Housing and Urban Development Act 1993) of the Land Registration Rules 2003.**

None.

**LR5.2 This lease is made under, or by reference to, provisions of:**

None.

**LR6. Term for which the Property is leased**

The term as specified in this lease at clause 2.

**LR7. Premium**

None.

**LR8. Prohibitions or restrictions on disposing of this lease**

This lease contains a provision that prohibits or restricts dispositions.

**LR9. Rights of acquisition etc.**

**LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land**

None.

**LR9.2 Tenant's covenant to (or offer to) surrender this lease**

None.

**LR9.3 Landlord's contractual rights to acquire this lease**

None.

**LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property**

None.

**LR11. Easements**

**LR11.1 -Easements granted by this lease for the benefit of the Property**

The easements as specified in Part II of the Schedule to this lease

**LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other property**

The easements as specified in Part III of the Schedule to this lease.

**LR12. Estate rentcharge burdening the Property**

None.

**LR13. Application for standard form of restriction**

None.

**LR14. Declaration of trust where there is more than one person comprising the**

**Tenant**

None

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THIS LEASE is made the 3rd July 2025

**BETWEEN**

**PARTIES**

- (i) I. RANGELEY & COMPANY LIMITED incorporated and registered in England and Wales with Company Number 01131701 whose registered office is at 61 Pembroke Street, Plymouth, PL1 4JS ("the Landlord") and
- (ii) CLIMB GLOBAL SOLUTIONS LIMITED incorporated and registered in England and Wales with Company Number 01671407 whose registered office is at 2 Prigg Meadow Ashburton Newton Abbot Devon TQ13 7DF ("the Tenant")

**OPERATIVE PROVISIONS:**

**1. INTERPRETATION**

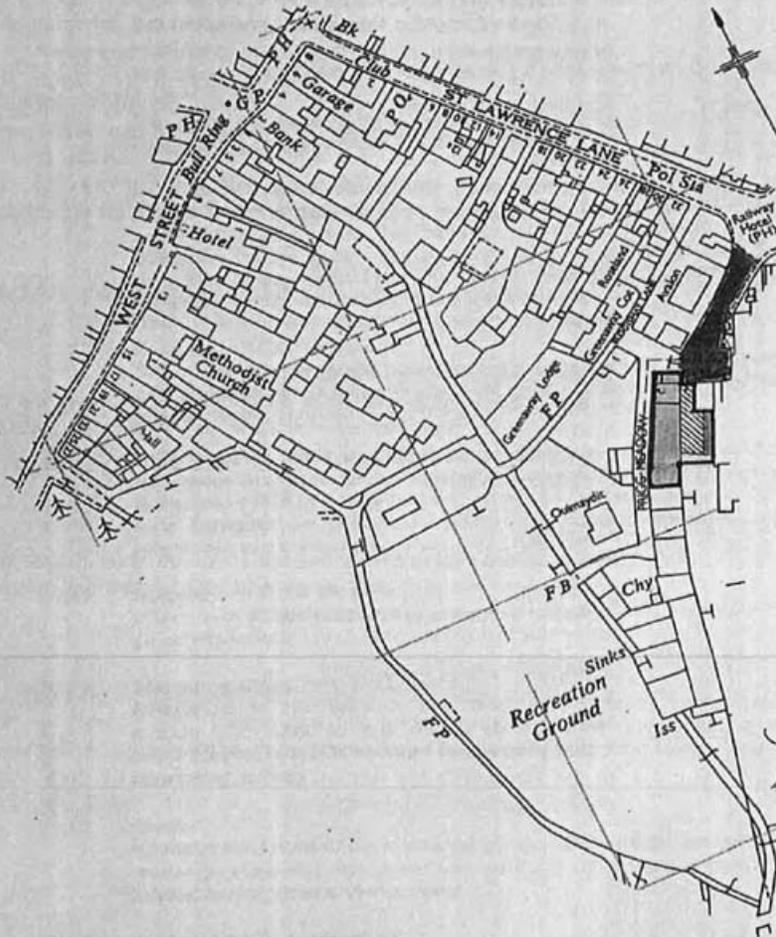
Definitions

In this Lease the following words and expressions shall where the context admits be deemed to have the following meanings:

- 1.1. "Conducting Media" means drains sewers conduits flues gutters gullies channels ducts shafts watercourses pipes cables wires and mains or any of them and whether or not the same serve the Demised Premises.
  - 1.2. "the Demised Premises" means the property described in Part 1 of the Schedule and each and every part of the Demised Premises.
  - 1.3. "Insured Risks" means the risks perils loss of rent and third party and public liability cover and other contingencies against which the Demised Premises are required to or which may from time to time be insured under the provisions of this Lease and includes any incidental cover costs fees and expenses covered by the insurance policy but subject to any exclusions limitations or conditions imposed by or contained in the policy of insurance
  - 1.4. "Interest" means interest at the rate of 4% over the base rate of Lloyds Bank plc for the time being and from time to time prevailing (as well after as before judgement) or such other comparable rate (including the London Interbank Offered Rate) as the Landlord may reasonably designate if the base rate of the Bank specified above shall cease
  - 1.5. "the Landlord" includes all persons entitled to the reversion immediately expectant upon the determination of this Lease
  - 1.6. "this Lease" includes any instruments supplemental to it
  - 1.7. "Outgoings" means all general or business rates water rates water charges and all existing and future rates taxes charges assessments impositions and outgoings whatsoever (whether parliamentary municipal parochial or otherwise) which are now or may at any time in the future be payable charged or assessed on property or the owner or occupier of property
  - 1.8. "the Tenant" includes the Tenant's successors in title and assigns in whom this Lease shall for the time being be vested
-

- 1.9. "the Surety" includes any Surety's personal representatives and assigns
- 1.10. "the Term" means the term of years granted by this Lease and any statutory continuation or extension of the term of years
- 1.11. Interpretation of restrictions on the Tenant. In any case where the Tenant is placed under a restriction by reason of the covenants and conditions contained in this Lease the restriction shall be deemed to include the obligation on the Tenant not to permit or allow the infringement of the restriction by any person claiming rights to use enjoy or visit the Demised Premises through under or in trust for the Tenant
- 1.12. **Clauses and Clause Headings**  
The clause and paragraph headings in this Lease are for ease of reference only and shall not be taken into account in the construction or interpretation of any covenant condition or proviso to which they refer
- 1.13. References in this Lease to a clause Schedule paragraph or Part are references where the context so admits to a clause Schedule paragraph of a Schedule or Part of a Schedule in this Lease and references in a Schedule to a paragraph or a Part are (unless the context otherwise requires) references to a paragraph or Part of that Schedule
- 1.14. **Singular and Plural Meanings**  
Words in this Lease importing the singular meaning shall where the context so admits include the plural meaning and vice versa
- 1.15. **Statutes and Statutory Instruments**  
References in this Lease to any statutes or statutory instruments shall include and refer to any statute or statutory instrument amending consolidating or replacing them respectively from time to time and for the time being in force
- 1.16. **Gender**  
Words in this Lease of the masculine gender shall include the feminine and neuter genders and vice versa and words denoting natural persons shall include corporations and vice versa
- 1.17. **Joint and several obligations**  
Where the parties of the second or third parts to this Lease are or shall be two or more persons the expression "the Tenant" or "the Surety" shall include the plural number and obligations in this Lease expressed or implied to be made with the Tenant or the Surety or by the Tenant or the Surety shall be deemed to be made with or by such individuals jointly and severally
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H.M. LAND REGISTRY		TITLE NUMBER	
		DN 436898	
ORDNANCE SURVEY PLAN REFERENCE	SX 7569	SECTION B	Scale 1/1250 Enlarged from 1/2500
COUNTY DEVON	DISTRICT TEIGNBRIDGE	© Crown copyright 1979	



*John Smith*  
*3rd ed. 1979*



## 2. THE DEMISE

In consideration of the rent and the covenants reserved by and contained in this Lease the Landlord DEMISES to the Tenant ALL the Demised Premises TOGETHER WITH the rights set out in Part II of the Schedule and EXCEPT AND RESERVED to the Landlord as stated in Part III of the Schedule for the TERM of TWELVE YEARS from 1st May 2026 and the Tenant PAYING during the Term:

- 2.1. the yearly rent of THIRTY-TWO THOUSAND FIVE HUNDRED POUNDS (£32,500.00) (subject to the provisions for revision contained in Clause 6) by equal monthly payments in advance on the first day of each month
- 2.2. as additional rent the Insurance Premium attributable to the Demised Premises

### TENANT'S COVENANTS

3. THE TENANT COVENANTS with the Landlord as follows:-

#### Rent

- 3.1. To pay the yearly rent reserved by this Lease at the times and in the manner required under clause 2.1 and if so requested by the Landlord by means of a standing order to the Tenant's bankers and the additional rents reserved by this Lease at the times and in the manner specified in relation to each of them
- 3.2. If the whole or any part of the rents and other monies due under this Lease shall remain unpaid seven days after they shall have become due (in the case of the yearly rent whether formally demanded or not) or if the Landlord shall refuse to accept the tender of rents for whatsoever reason then to pay Interest on such rents (or part of the rents) and other monies as from the date they became due until they are paid to (or accepted by) the Landlord

#### Value Added Tax

- 3.3. To pay all Value Added Tax or any other imposition of a like nature at the rate for the time being in force chargeable or payable (whether at the election of the Landlord or otherwise) upon any rents or other sums due from the Tenant pursuant to the terms hereof or as the case may be to pay or repay to the Landlord all such Value Added Tax or other imposition charged or borne by the Landlord in respect of such rents or other sums

#### Outgoings

- 3.4. To pay and discharge all Outgoings in respect of the Demised Premises (other than taxes imposed on the Landlord in respect of the yearly rent reserved by this Lease)
- 3.5. To refund to the Landlord on demand (in case any of the Outgoings are payable charged or assessed on other property including the Demised Premises) a fair and proper proportion attributable to the Demised Premises such proportion to be conclusively determined by the Landlord or the Landlord's Surveyor
- 3.6. With respect to the rating of unoccupied property if there occurs a period of vacancy of the Demised Premises which is continuing at the determination of this Lease then to indemnify the Landlord for the amount of the unoccupied rate for the length of time that is equivalent to that part of the period of vacancy occurring before the determination, of this Lease (but limited in any event to the length of time that the Demised Premises may be left unoccupied without incurring liability for rates)

- 3.7. To pay for all gas water and electricity consumed on the Demised Premises and all charges for meters and all standing charges

#### **Insurance Premium and Party Expenses**

- 3.8. To pay to the Landlord the insurance premiums incurred with respect to the Insured Risks as to which the following provisions shall apply:-
- 3.8.1. the insurance premiums shall include all monies expended or required to be expended by the Landlord in effecting and/or maintaining cover against the Insured Risks;
  - 3.8.2. the Tenant's liability shall include the whole of any increase in the insurance premium or expense of renewal payable by reason of any act or omission of the Tenant or any person deriving possession occupation or enjoyment of the Demised Premises through the Tenant and also the whole of any increase in the insurance premiums attributable to the character of the Tenant or to the particular use of the Demised Premises made by or articles stored on the Demised Premises by the Tenant and those deriving title under the Tenant or to the condition of the Demised Premises;
  - 3.8.3. the cover may take due account of the effects of inflation and escalation of costs and fees and the Landlord's estimate of the market rent of the Demised Premises in the context of any future rent reviews and/or the expiration of the Term;
  - 3.8.4. the due proportion of the insurance premiums shall be payable by the Tenant to the Landlord on demand;
  - 3.8.5. the due proportion of the insurance premiums shall be where the Demised Premises are insured separately, the whole of the premiums, otherwise a fair and proper proportion of the insurance premiums attributable to the Demised Premises as the Landlord's Surveyor shall determine and whose determination shall be binding on the parties
- 3.9. to pay to the Landlord on demand a fair and proper proportion (to be conclusively determined by the Landlord or the Landlord's Surveyors) of the expense of cleaning lighting repairing renewing decorating maintaining and rebuilding any party walls fences gutters drains roadways pavements entrance ways access ways and service areas which are or may be used or enjoyed by an occupier of the Demised Premises in common with any other person or persons

#### **Repair**

- 3.10. From time to time and at all times well and substantially to repair and clean the Demised Premises and to keep the Demised Premises in good and substantial repair and condition together with all improvements and additions to the Demised Premises and all Landlord's fixtures fittings and appurtenances of whatever nature affixed or fastened to the Demised Premises (damage by Insured Risks excepted unless and to the extent that the policies of insuring in respect of Insured Risks effected by the Landlord are vitiated or the policy monies are withheld by reason of any act or omission of the Tenant its employees or agents)

#### **Decorations**

- 3.11. In the year 2020 and thereafter in every sixth year of the Term and in the last three months of the Term howsoever determined to decorate the inside of the Demised Premises with two coats of good quality paint or good quality polish and with paper
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for those parts normally papered or other suitable and appropriate materials of good quality in a workmanlike manner such decorations in the last three months of the Term to be executed in such colours patterns and materials as the Landlord may reasonably and properly require

- 3.12. In the year 2020 and thereafter in every sixth year of the Term and in the last three months of the Term howsoever determined to decorate the outside of the Demised Premises with two coats of good quality paint or other suitable and appropriate materials of good quality in a workmanlike manner such decorations in the last three months of the Term to be executed in such colours patterns and materials as the Landlord may reasonably and properly require

#### **Landlord's rights of inspection and right of repair in case of default by the Tenant**

- 3.13. To permit the Landlord and its servants or agents during usual business hours on forty eight hours notice (or at any time in case of emergency) to enter into inspect and view the Demised Premises and examine their condition and also to take a schedule of fixtures in the Demised Premises
- 3.14. If any breach of covenant defects disrepair removal of fixtures or unauthorised alterations or additions shall be found upon such inspection for which the Tenant is liable then upon notice by the Landlord to the Tenant to execute all repairs works replacements or removals required within two months (or sooner if necessary or reasonably practical) after the receipt of such notice to the reasonable satisfaction of the Landlord or its Surveyor
- 3.15. In case of default by the Tenant in complying with any notice served under the preceding sub-clause:
- 3.15.1. To permit the Landlord and the Landlord's agents servants and workmen to enter into the Demised Premises and execute such repairs works replacements or removals specified in such notice
- 3.15.2. To pay to the Landlord on demand all expenses so incurred with interest from the date of expenditure until the date they are paid by the Tenant to the Landlord (such expenses and Interest to be recoverable as if they were rent in arrear)

#### **Yield up in repair at the end of the Term**

- 3.16. At the expiration or earlier determination of the Term or at such later time as the Landlord recovers possession of the Demised Premises from the Tenant:-
- 3.16.1. quietly to yield up the Demised Premises (together with all additions and improvements to the Demised Premises and all fixtures which during the Term may be fixed or fastened to or upon the Demised Premises other than tenant's fixtures removable by the Tenant) decorated repaired cleaned and kept in accordance with the Tenant's covenants contained in this Lease (damage by Insured Risks excepted unless and to the extent that the policies of insurance in respect of Insured Risks effected by the Landlord are vitiated or the policy monies are withheld by reason of any act or omission of the Tenant its employees or agents);
- 3.16.2. if so requested by the Landlord to remove from the Demised Premises all the Tenant's belongings - that is to say trade fixtures and fittings and all notices notice boards and signs bearing the name of or otherwise relating to the Tenant

- 3.16.3. (including in this context any persons deriving title to the Demised Premises under the Tenant) or its business; and
- 3.16.4. to make good to the satisfaction of the Landlord all damage to the Demised Premises resulting from the removal of the Tenant's belongings from the Demised Premises

**Landlord's right of entry for repairs, etc.**

- 3.17. To permit the Landlord and the agents workmen and others employed by the Landlord or by the other owners tenants or occupiers of any adjoining or neighbouring property at reasonable times after giving to the Tenant forty eight hours' notice (except in an emergency) to enter upon the Demised Premises:-
  - 3.17.1. to alter maintain or repair the adjoining premises or property of the Landlord or person so entering; or
  - 3.17.2. to construct alter maintain repair or fix anything or additional thing serving such property and running through or on the Demised Premises (including Conducting Media serving other premises of the Landlord or person so entering); or
  - 3.17.3. to comply with an obligation to any third party having legal rights over the Demised Premises; or
  - 3.17.4. in exercise of a right or to comply with an obligation of repair maintenance or renewal under this Lease; or
  - 3.17.5. in connection with the development of any adjoining or neighbouring land or premises including the right to build on or into or in prolongation of any boundary wall of the Demised Premises:-

without payment of compensation for any nuisance annoyance inconvenience or damage caused to the Tenant subject to the Landlord (or other person so entering) exercising such rights in a reasonable manner and making good any damage caused to the Demised Premises without unreasonable delay

- 3.18. Upon becoming aware of any defects in the Demised Premises which are "relevant defects" for the purposes of Section 4 of the Defective Premises Act 1972 forthwith to give notice of them to the Landlord

**Alterations**

- 3.19. Not to make any alterations or additions to or affecting the structure or exterior of the Demised Premises or the appearance of the Demised Premises as seen from the exterior
  - 3.20. Not without the consent of the Landlord to make any other alterations or additions to the Demised Premises
  - 3.21. Not to install or erect any exterior lighting shade canopy or awning or other structure in front of or elsewhere outside the Demised Premises
  - 3.22. At the expiration or earlier determination of the Term if and to the extent required by the Landlord to reinstate the Demised Premises to the same condition as they were in at the grant of this Lease such reinstatement to be carried out under the supervision of and to the reasonable satisfaction of the Landlord or the Landlord's Surveyor
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- 3.23. To procure that any alterations or additions to the Demised Premises permitted by the Landlord under the terms of this Lease shall be carried out only by a Contractor approved by the Landlord (such approval not to be unreasonably withheld)

**Alienation**

- 3.24. Not to assign or charge or underlet or part with possession of part only of the Demised Premises
- 3.25. Not to assign or charge or part with possession of the whole nor underlet the whole of the Demised Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed)
- 3.26. Not otherwise than by assignment or underletting permitted under the following provisions of this clause to:-
- 3.26.1. part with or share possession or occupation of the whole or any part of the Demised Premises; or
  - 3.26.2. grant to third parties any rights over the Demised Premises
- 3.27. Upon any assignment to obtain (if the Landlord shall so require) guarantors acceptable to the Landlord for any assignee and/or comply with such other conditions as the Landlords may impose and to obtain a direct covenant by the assignee with the Landlord to observe and perform the covenants and conditions on the part of the Tenant contained in this Lease throughout the residue of the Term in such form as the Landlord shall require and a direct covenant by such guarantors in the terms set out in clause 7 hereof
- 3.28. Upon the grant of any underlease to obtain covenants on the part of the underlessee direct with the Landlord in such form as the Landlord shall require that the underlessee will:-
- 3.28.1. not assign underlet charge or part with possession of part only of the premises sub-demised;
  - 3.28.2. not part with or share possession or occupation of the whole or any part of the premises sub-demised nor grant to third parties rights over them otherwise than by a permitted assignment or underletting;
  - 3.28.3. not assign charge or underlet the whole of the premises sub demised without obtaining the previous consent of the Landlord under this Lease;
  - 3.28.4. provide for the inclusion in any sub-underlease granted out of such underlease (whether immediate or mediate) of covenants to the same effect as those contained in this sub-clause;
- 3.29. Upon the grant of any underlease:-
- 3.29.1. to include provisions for the revision of the rent reserved by the underlease in an upward only direction to correspond in time and effect with the provisions for the revision of rent contained in this Lease (if any);
  - 3.29.2. not to reserve or take a premium or fine;
  - 3.29.3. not to underlet the Demised Premises otherwise than at the greater of the then current market rent or the rent reserved hereby
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- 3.29.4. to include such covenants on the part of the underlessee as shall secure the due performance and observance of the covenants on the part of the Tenant contained in this Lease

#### **Registration of dispositions of this Lease**

- 3.30. Within one month after the execution of any disposition of this Lease or the Demised Premises whether by assignment charge transfer or underlease or assignment or surrender of any underlease or upon any transmission by reason of a death or otherwise affecting the Demised Premises to produce to and leave with the Solicitors for the time being of the Landlord the Deed instrument or other document of disposition (and in each case a certified copy for retention by the Landlord) and on each occasion to pay to such Solicitors a registration fee of £50.00 plus VAT

#### **Enforcement of underleases**

- 3.31. Not without the consent of the Landlord to vary the terms or waive the benefit of any covenant on the part of a subtenant or condition contained in an underlease of the Demised Premises
- 3.32. Not without the consent of the Landlord to accept a surrender of any underlease of the Demised Premises
- 3.33. Diligently to enforce the covenants on the part of a subtenant and the conditions contained in an underlease of the Demised Premises and (if so required by the Landlord) to exercise by way of enforcement the powers of re-entry contained in the underlease
- 3.34. Not without the consent of the Landlord to accept any sum or payment in kind by way of commutation of the rent payable by a subtenant of the Demised Premises
- 3.35. Not to accept the payment of rent from a subtenant of the Demised Premises otherwise than by regular quarterly (or more frequent) payments in advance
- 3.36. Duly and punctually to exercise all rights to revise the rent reserved by an underlease of the Demised Premises and not to agree with a subtenant a revised rent without the approval of the Landlord (such approval not to be unreasonably withheld)

#### **User**

- 3.37. Not to use the Demised Premises otherwise than as any use within Use Class B1 of the Town and Country Planning (Use Classes) Order 1987 as amended from time to time without the written licence of the Landlord such licence not to be unreasonably withheld in cases where the proposed user is permitted under the current Town and Country Planning Acts PROVIDED THAT it shall not be unreasonable to refuse a licence in respect of any user which is or may be in competition with the business carried on by or for which a licence has been granted to any other Tenant of the Landlord in the vicinity of the Demised Premises
- 3.38. Nothing contained in this Lease shall imply or be treated as a warranty to the effect that the use of the Demised Premises for the purposes above mentioned is in compliance with all Town Planning laws and regulations now or from time to time in force

#### **Restrictions affecting use of the Demised Premises**

- 3.39. Not to erect nor install in the Demised Premises any engine furnace or machinery whether driven by steam oil or electric energy or otherwise which causes noise
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- fumes or vibration which can be heard smelled or felt outside the Demised Premises
- 3.40. Not to store in the Demised Premises any petrol or other specially inflammable explosive or combustible substance
  - 3.41. Not to use the Demised Premises for any noxious noisy or offensive trade or business nor for any illegal or immoral act or purpose
  - 3.42. Not to hold any sales by auction on the Demised Premises
  - 3.43. Not to hold in or on the Demised Premises any exhibition public meeting or public entertainment
  - 3.44. Not to permit any vocal or instrumental music in the Demised Premises so that it can be heard outside the Demised Premises
  - 3.45. Not to permit livestock of any kind to be kept on the Demised Premises
  - 3.46. Not to do in or upon the Demised Premises anything which may be or grow to be a nuisance annoyance disturbance inconvenience or damage to the Landlord or to the owners tenants and occupiers of adjoining and neighbouring properties
  - 3.47. Not to load or use the floors walls ceilings or structure of the Demised Premises in any manner which will cause strain damage or interference with the structural parts loadbearing framework roof foundations joists and external walls thereof
  - 3.48. Not to overload the lifts electrical installation or Conducting Media in the Demised Premises
  - 3.49. Not to do or omit to do anything which interferes with obstructs or which imposes an additional loading on any ventilation heating air conditioning or other plant or machinery serving the Demised premises
  - 3.50. Not to do anything whereby any policy of insurance on including or in any way relating to the Demised Premises taken out by the Landlord may become void or voidable or whereby the rate of premium thereon may be increased but to provide one or more efficient fire extinguishers of a type approved by the Landlord and to take such other precautions against fire as may be deemed necessary by the Landlord or its insurers
  - 3.51. Not to use the Demised Premises as a betting shop or betting office
  - 3.52. Not to use the Demised Premises for the sale of wines spirits beers of any intoxicating liquor for consumption either off or on the Demised Premises
  - 3.53. Not to allow any person to sleep in the Demised Premises nor to use the Demised premises or any part thereof for residential purposes
  - 3.54. Not at any time to place or suffer to be placed in the passages corridors staircases lavatories access ways and service areas serving or demised with the Demised Premises any goods mats trade empties rubbish or other obstruction nor to cause or permit to be caused any damage to such areas
  - 3.55. Not to accumulate trade empties or rubbish upon the Demised Premises
  - 3.56. Not to place leave or install any articles merchandise goods or other things in front of or elsewhere outside the Demised Premises
  - 3.57. Not to permit the drains to be obstructed by oil grease or other deleterious matter
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but to keep the Demised Premises thoroughly cleaned and the drains serving the Demised Premises as often as may be necessary

- 3.58. Not to give any bill of sale or other preferential security on the stock- in-trade or personal chattels of the Tenant for the time being be on or about the Demised Premises
- 3.59. Not to use any portion of the access roads or service area for the parking of vehicles or for loading and unloading nor to carry out any repairs or maintenance to vehicles on the access road or service area

#### **Advertisements and signs**

- 3.60. Not to place or display on the exterior of the Demised Premises or on the windows or inside the Demised Premises so as to be visible from the exterior of the Demised Premises any name writing notice sign illuminated sign display of lights placard poster sticker or advertisement other than the name of the Tenant signwritten on the entrance doors of the Demised Premises in the position and in a style and manner approved by the Landlord or the Landlord's Surveyor; and
- 3.61. If any name writing notice sign placard poster sticker or advertisement shall be placed or displayed in breach of these provisions to permit the Landlord to enter the Demised Premises and remove such name writing notice sign placard poster sticker or advertisement and to pay to the Landlord on demand the expense of so doing

#### **Compliance with Statutes**

- 3.62. To comply in all respects with the provisions of all statutes and instruments pursuant to them for the time being in force and requirements of any competent authority relating to the Demised Premises or anything done in or upon them by the Tenant and to indemnify the Landlord against all actions proceedings claims or demands which may be brought or made by reason of such statutes or requirements or any default in compliance with them
- 3.63. In particular but without prejudice to the generality of the foregoing clause:-
- 3.63.1. to execute all works and do all things oil or in respect of the Demised Premises which are required under the Offices Shops and Railway Premises Act 1963;
- 3.63.2. to comply with all requirements under any present or future Act of Parliament order by-law or regulation as to the use or occupation of or otherwise concerning the Demised Premises;
- 3.64. if the Tenant shall not comply with the preceding sub-clause to permit the Landlord to enter the Demised Premises to carry out such works and to pay to the Landlord on demand the expense of so doing (including surveyors' and other professional advisers' fees) together with Interest from the date of expenditure until payment by the Tenant to the Landlord (such monies to be recoverable as if they were rent in arrear)
- 3.65. to comply with or procure the compliance with any requirements of the Licensing Acts and the conditions attached to any Justices' Licence held by the Tenant or any nominee of the Tenant and any undertakings given to such Licensing Justices

#### **Planning Permissions**

- 3.66. Not without the consent in writing of the Landlord to make any application under
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the Town and Country Planning Act 1990 to any local planning authority for permission to develop (including change of use of) the Demised Premises

- 3.67. To indemnify the Landlord against any development charges other charges and expenses payable in respect of such applications and to reimburse to the Landlord the costs it may properly incur in connection with such consent
- 3.68. To pay to the Landlord on demand any sum or sums which may become payable in consequence of the use of the Demised Premises reverting to that existing prior to such application being made
- 3.69. Forthwith to give to the Landlord full particulars in writing of the grant of planning permission
- 3.70. Not to implement any planning permission if the Landlord shall make reasonable objection to any of the conditions subject to which it has been granted

#### **Compliance with town planning requirements**

- 3.71. To perform and observe all the provisions and requirements of all statutes and regulations to town and country planning in relation to the Demised Premises and to obtain any development or other consent which may be requisite by reason of the development of or on the Demised Premises by the Tenant
- 3.72. To indemnify the Landlord from and against any loss or expense suffered by the Landlord by reason of the Tenant's failure to obtain any necessary development or other consents as aforesaid
- 3.73. To give full particulars to the Landlord of any notice or proposal for a notice or order or proposal for an order made given or issued to the Tenant under or by virtue of any statute or regulation relating to town and country planning or otherwise within seven days of the receipt of any such by the Tenant and if so required by the Landlord to produce such notice order or proposal for a notice or order to the Landlord
- 3.74. Forthwith to take all reasonable and necessary steps to comply with any such notice or order
- 3.75. At the request and cost of the Landlord to make or join with the Landlord in making such objections or representations against or in respect of any proposal for such a notice or order as the Landlord may deem expedient

#### **Claims made by third parties**

- 3.76. To indemnify the Landlord against any claims proceedings or demands and costs and expenses so incurred which may be brought against the Landlord by any employee workpeople agents or visitors of the Tenant in respect of any accident loss or damage whatever to person or property howsoever caused or occurring in or upon the Demised Premises

#### **Expenses of the Landlord**

- 3.77. To pay all expenses (including solicitors' costs and surveyors' fees) incurred by the Landlord:-
  - 3.77.1. incidental to or in contemplation of the preparation and service of a

Schedule of Dilapidations and/or a notice under Sections 146 and 147 of the Law of Property Act 1925 (notwithstanding that forfeiture is avoided otherwise than by relief granted by the Court); and

- 3.77.2. incidental to or in contemplation of any proceedings for recovery of the whole or any part of the rents and other monies due under this Lease; and
- 3.77.3. in connection with every application for any consent or approval made under this Lease whether or not such consent or approval shall be granted or given

**Obstruction of windows or lights**

- 3.78. Not to stop up darken or obstruct any windows or fights belonging to the Demised Premises or any other buildings belonging to the Landlord nor permit any new windows light opening doorway path passage or other restriction encroachment or easement to be made
- 3.79. Not to permit any easement to be made or acquired into against or upon the Demised Premises
- 3.80. Where any such window light opening doorway path passage drain or other restriction encroachment or easement shall be made or attempted to be made or acquired forthwith to give notice of the circumstances to the Landlord and at the request and cost of the Landlord to adopt such course as may be reasonably required or deemed proper by the Landlord for preventing any such restriction encroachment or the acquisition of any such easement

**Cleaning of windows**

- 3.81. To keep the glass in the windows of the Demised Premises clean

**Notices "to let" and "for sale"**

- 3.82. To allow the Landlord or its agents to enter on the Demised Premises at any time:-
  - 3.82.1. within six months next before the expiration or earlier determination of the Term to fix upon the Demised Premises a notice board for reletting the Demised Premises;
  - 3.82.2. to fix on some part of the Demised Premises a notice board for the sale of the interest of the Landlord
  - 3.82.3. not to remove or obscure any such notice board; and
- 3.83. to permit all persons authorised by the Landlord or its agents to view he Demised Premises at reasonable hours without interruption in connection any such letting or sale

**PROVISOS**

- 4. THE PARTIES AGREE to the following provisos :-

**Proviso for Re-Entry**

- 4.1. If :-
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- 4.1.1. any or any part of the rents reserved by this Lease shall be unpaid for twenty one days after any of the days when they become due for payment (whether or not they shall have been lawfully demanded); or
- 4.1.2. the Tenant shall at any time fail or neglect to perform or observe any of the covenants conditions or agreements contained in this Lease to be performed or observed by the Tenant or shall allow any distress or execution to be levied on the Tenant's goods; or
- 4.1.3. an event of insolvency shall occur in relation to the Tenant or one of the Tenants or any guarantor of the Tenant or one of the Tenants;

then and in any such case it shall be lawful for the Landlord or any person or persons duly authorised by the Landlord for that purpose to re-enter the Demised Premises or any part of them in the name of the whole and peaceably to repossess and enjoy the Demised Premises as if this Lease had not been made

- 4.2. Re-entry in exercise of the rights contained in the preceding sub-clause shall be without prejudice to any right of action or remedy of the Landlord in respect of any antecedent breach of any of the covenants by the Tenant contained in this Lease
- 4.3. The expression "an event of insolvency" in clause 4.1.3 above includes (in relation to a company or other corporation which is the Tenant or one of the Tenants or guarantor) liability of the company to pay its debts, entry into liquidation either compulsory or voluntary (except for the purpose of amalgamation or reconstruction), the passing of a resolution for a creditors winding up, the making of a proposal to the company and its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs, the application to the Court for an administration order, and the appointment of a receiver or administrative receiver, and (in relation to an individual who is the Tenant or a guarantor) inability to pay or having no reasonable prospect of being able to pay his debts, the presentation of a bankruptcy petition, the making of a proposal to his creditors for a composition in satisfaction of his debts or a scheme of an arrangements of his affairs, the application to the court for an interim order, and the appointment of a receiver or interim receiver, and in relation to the various events of insolvency they shall wherever appropriate be interpreted in accordance and conjunction with the relevant provisions of the insolvency Act 1986

#### **Rent abatement in ease of damage by Insured Risks**

- 4.4. If the whole or any part of the Demised Premises shall at any time be destroyed or damaged by any of the Insured Risks so as to render the Demised Premises unfit for occupation and use and the policy or policies of insurance shall not have been vitiated or payment of the policy monies withheld in whole or in part in consequence of some act or default of the Tenant its employees or agents then the rents reserved by this Lease or a fair proportion of them according to the nature and extent of the damage sustained shall cease and be suspended until the Demised Premises shall be rendered fit for occupation and use again or until the earlier expiration of three years from the date of the damage or destruction
- 4.5. Any dispute as to the amount or extent of such cesser of rent shall be referred to the award of a single arbitrator if the Landlord and the Tenant can agree upon one and otherwise to an arbitrator appointed at the request of either of them by the President for the time being of the Royal Institution of Chartered Surveyors and in either case in accordance with the provisions of the Arbitration Acts 1996

#### **Power for Landlord to deal with adjoining property**

- 4.6. The Landlord may deal as it may think fit with other property belonging to the

Landlord adjoining or nearby and to erect or suffer to be erected on such property any buildings whatsoever whether or not such buildings shall affect or diminish the light or air which may now or at any time be enjoyed by the Tenant in respect of the Demised Premises

#### **Arbitration of disputes between tenants**

- 4.7. If any dispute or disagreement shall at any time arise between the Tenant and the tenants and occupiers of any adjoining or contiguous property or premises belonging to the Landlord relating to the Conducting Media serving the Demised Premises or any adjoining or contiguous premises or any easements or privileges whatsoever affecting or relating to the Demised Premises or any adjoining or contiguous property or premises the dispute or disagreement shall from time to time be settled and determined by the Landlord to which determination the Tenant shall from time to time submit

#### **Exemption from liability in respect of services**

- 4.8. The Landlord shall not be liable to the Tenant for any loss damage or inconvenience which may be caused by reason of.-
- 4.9. temporary interruption of services during periods of inspection maintenance repair and renewal;
- 4.10. the breakdown failure stoppage leaking bursting or defect of any hot or cold water sanitary ventilation lift extraction plant and machinery or of soil gas water or electricity or other plant and machinery or of the Conducting Media in the Demised Premises or neighbouring or adjoining property or premises
- 4.11. The Landlord's duty of care to the Tenant's employees agents workpeople and visitors in or about the Demised Premises shall in no way go beyond the obligations involved in the common duty of care (within the meaning of the Occupiers Liability Act 1957) or the duties imposed by the Defective Premises Act 1972 by reason of the obligations of the Landlord contained in this Lease

#### **Accidents**

- 4.12. The Landlord shall not be responsible to the Tenant or the Tenant's licensees not to any other person for any
- 4.12.1. accident happening or injury suffered in the Demised Premises; or
- 4.12.2. damage to or loss of any goods or property sustained in the Demised Premises (whether or not due to any failure of any security system for which the Landlord is any way responsible); or
- 4.12.3. act omission or negligence of any employee of the Landlord in respect of the Demised Premises

#### **Compensation for disturbance**

- 4.13. Except where any statutory provision prohibits the Tenant's right to compensation being reduced or excluded by agreement the Tenant shall not be entitled on quitting the Demised Premises to claim from the Landlord any compensation under the Landlord and Tenant Act 1954

#### **Removal of property after determination of term**

- 4.14. If at such time as the Tenant has vacated the Demised Premises after the determination of this Lease any property of the Tenant shall remain in or on the
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Demised Premises and the Tenant shall fail to remove the same within seven days after being requested by the Landlord so to do by a notice to that effect then the Landlord may as the agent of the Tenant sell such property and shall then hold the proceeds of sale after deducting the costs and expenses of removal storage and sale reasonably and property incurred by it to the order of the Tenant

- 4.15. The Tenant shall indemnify the Landlord against any liability incurred by it to any third party whose property shall have been sold by the Landlord in the bona fide mistaken belief (which shall be presumed unless the contrary be proved) that such property belonged to the Tenant and was liable to be dealt with as such pursuant to this Clause

**Notices consents and approvals**

- 4.16 Any notice served under or in connection with this Lease shall be in writing and be properly served if compliance is made with either the provisions of Section 196 of the Law of Property Act 1925 (as amended by the Recorded Delivery Service Act) or Section 23 of the Landlord and Tenant Act 1927
- 4.17 Any consent or approval under this Lease shall be required to be obtained before the act or even to which it applies is carried out or done and shall be effective only when the consent or approval is given in writing

**LANDLORD'S COVENANTS**

5. THE LANDLORD COVENANTS with the Tenant as follows

**Quiet Enjoyment**

- 5.1. That the Tenant paying the rents and performing the Tenant's covenants reserved by and contained in this Lease may lawfully and peaceably enjoy the Demised Premises throughout the Term without any lawful suit eviction or interruption by the Landlord or by any person lawfully claiming through under or in trust for the Landlord
- 5.2. To keep insured at all times throughout the Term in such a sum as shall be reasonably determined from time to time by the Landlord the Demised Premises and all fixtures of an insurable nature including all lift and heating plant and machinery (other than those which the Tenant is entitled to remove) against loss or damage by fire and any other risks perils and contingencies (and incidental cover costs fees and expenses) as the Landlord may deem expedient together with Architects' Surveyors' and other requisite professional advisers' fees in relation to the reinstatement of the Demised Premises and three years' loss of rent in respect of the Demised Premises
- 5.3. Whenever the whole or any part of the Demised Premises shall in consequence of the occurrence of any of the Insured Risks be destroyed or damaged so as to render the whole or part of the Demised Premises unfit for occupation or use then with all due diligence to apply the monies received for that purpose by virtue of the policy or policies of insurance (or to require the monies to be laid out) in rebuilding repairing and reinstating the Demised Premises with all convenient speed
- 5.4. The Landlord's obligation under this Clause shall cease if and to the extent that the insurance shall be vitiated or the policy monies withheld by any act or default of the Tenant

6. **RENT REVIEW**
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#### **The review dates**

- 6.1. The yearly rent payable under this Lease shall be reviewed on the expiration of every three years starting with the date of the commencement of the term (each such successive date being referred to in this clause 6 as the review date") and as and from each such successive review date the reviewed rent (agreed or determined in accordance with the following provisions of this Clause) shall become payable in all respects as if it were the yearly rent reserved by this Lease

#### **Upward only rent reviews**

- 6.2. The reviewed rent shall be the greater of:-
- 6.3. the yearly rent payable under this Lease immediately preceding the review date; and
- 6.4. the market rent of the Demised Premises at the review date as hereinafter defined

#### **The market rent**

- 6.5. The expression "the market rent" shall for the purposes of this Lease mean the yearly rental value of the Demised Premises having regard to best rental values as between a willing Landlord and a willing Tenant for the Demised Premises at the review date let without a premium for a term equal in duration to the residue of the Term calculated from the review date and subject to provisions to the same effect as those contained in this Lease (other than the amount of rent but including these provisions for rent review) but upon the assumption (if not the fact) that at the review date:-
- 6.5.1. the Demised Premises are available to be let with vacant possession (but such assumption shall not give rise to any discount or abatement of the market rent to allow for any concessionary rent or rent-free period which a willing Landlord would grant to a willing Tenant upon such a letting)
- 6.5.2. the Demised Premises are fit and ready for immediate occupation and use;
- 6.5.3. no work has been carried out to the Demised Premises by the Tenant or any predecessor-in-title of the Tenant which has diminished the market rent;
- 6.5.4. in case the Demised Premises have been destroyed or damaged they have been fully reinstated (or rendered accessible);

#### **Procedure for determination of market rent**

- 6.7. The Landlord and the Tenant shall endeavour to agree the market rent at any time but if they shall not have agreed the market rent at the review date the amount of the market rent shall be determined by an arbitrator agreed between the parties and in default of agreement within one month after the Review Date (or such further period as the parties shall agree in writing) then by an arbitrator nominated by the President for the time being of the Royal Institution of Chartered Surveyors on the application either of the Landlord or of the Tenant and the costs of the arbitration shall be in the award of the arbitrator whose decision shall be final and binding on the parties hereto

- 6.8. The reference to and award of the arbitrator shall be in accordance with the Arbitration Act 1996
- 6.9. Any arbitrator nominated hereunder shall be a chartered surveyor having experience of leasehold valuation of property being put to the same or similar use as the Demised Premises and of the property in the same region in which the Demised Premises are situated

**Time limits**

- 6.10. Time shall not be of the essence in agreeing or determining the reviewed rent or of appointing an arbitrator

**Rental adjustments**

- 6.11. If the market rent shall not have been agreed or determined in accordance with the provisions of this clause before the review date then until the market rent shall have been so agreed or determined the Tenant shall continue to pay on account rent at the rate of yearly rent payable immediately before the review date and when the market rent shall have been agreed or determined the Tenant shall forthwith pay to the Landlord all arrears of the reviewed rent which shall have accrued with interest upon the arrears in respect of the period commencing on the review date and ending with the payment of the arrears by the Tenant to the Landlord

**Memorandum of rent review**

- 6.12. The parties shall cause a memorandum of the reviewed rent duly signed by the Landlord and the Tenant to be endorsed on or securely annexed to this Lease and the counterpart of this Lease

**7. GUARANTEE PROVISION**

**Guarantee and Disclaimer proviso**

- 7.1. The Surety hereby covenants with the Landlord that the Tenant will pay the rents reserved by and perform and observe all the covenants and stipulations on the Tenant's part contained in this Lease throughout the Term

**Surety to accept new lease upon disclaimer**

- 7.2. If a liquidator or trustee in bankruptcy of the Tenant shall disclaim this Lease and the Landlord shall by notice served upon the Surety within three months after such disclaimer so require then the Surety covenants with the Landlord that the Surety will take from the Landlord a Lease of the Demised Premises for a term commensurate with the residue of the Term which would have remained had there been no disclaimer at the same rents and subject to the same covenants and conditions as are reserved by and contained in this Lease (with the exception of this clause) such lease to take effect from the date of the disclaimer and in such case the Surety shall pay the costs of such new lease and execute and deliver to the Landlord a counterpart of the new lease

**No waiver of liability**

- 7.3. Provided Always that the Surety shall not be released from liability under these provisions by reason of any forbearance the granting of time or any other indulgence on the part of the Landlord including (but without prejudice to the

generality of the foregoing)

7.4. any granting or extension of time under or varying the procedure for rent review contained herein

**8. Option to Determine**

If either the Tenant or the Landlord wishes to determine this Lease on either the 30th April 2031 or 30th April 2037 and shall have given to the other party not less than five months prior written notice and, in the event it is the Tenant giving notice, shall up to the time of such determination pay the yearly rent reserved by this Lease then upon expiry of such notice the term granted by this Lease shall immediately cease and determine but without prejudice to the respective rights of either party in respect of any antecedent claim or breach of covenant and the Landlord shall on such determination repay to the Tenant any part of the rents paid in advance by the Tenant in respect of the period from the date of such determination to the day before the next payment date of such rents.

IN WITNESS whereof the parties hereto have duly executed this Lease the day and year first before written

THE SCHEDULE  
PART I  
Description of the Demised Premises

ALL THOSE premises situate at and known as 2 Prigg Meadow Ashburton Devon as the same is shown edged red on the plan annexed hereto

**PART II**

**Rights enjoyed with demise**

The right of access to and egress from the Demised Premises with or without vehicles over and along the roadway and footpath shown coloured green on the attached plan

**PART III**

**Exceptions and reservations**

1. The free and uninterrupted passage of water steam soil air gas electricity facsimile data and telephone communications from and to any part of the Demised Premises or any adjoining or neighbouring property through the Conducting Media commonly used for those purposes which are now or may in the future but during the period of eighty years after the date of this lease be in upon or under the Demised Premises
  2. All rights of entry upon the Demised Premises referred to in this Lease
-

Executed as a deed by I RANGELEY )

& CO. LIMITED acting by )

[ MAX RANGELEY ] a director )

In the presence of : )



Witness Signature )

CKnott

Witness Name )

CAROLINE KNOTT

Address )

BUGLE FARM BARN

PLYMPTON

DEVON PL7 5EW

Occupation )

FINANCIAL CONTROLLER

Executed as a deed by CLIMB GLOBAL )  
SOLUTIONS LIMITED acting by )

[ MATTHEW )  
WHITTON ] a director )

In the presence of : )



Witness Signature )

CKnott

Witness Name )

CAROLINE KNOTT

Address )

BUGLE FARM BARN

PLYMPTON

DEVON PL7 5EW

Occupation )

FINANCIAL CONTROLLER





**CLIMB GLOBAL SOLUTIONS, INC.  
INSIDER TRADING POLICY**

**Background**

The Board of Directors of Climb Global Solutions, Inc. (the “Company”) has adopted this Insider Trading Policy (this “Policy”) to provide guidelines with respect to trading in the securities of the Company, entities controlled by the Company and companies that have a business relationship with the Company.

This Policy is designed to prevent insider trading or even allegations of insider trading. Your strict adherence to this Policy will help safeguard the Company’s reputation and will further ensure that the Company conducts its business in accordance with the highest ethical standards. You are responsible for the consequences of your actions. You also are responsible for understanding and complying with this Policy.

Federal and state securities laws prohibit the purchase and sale of a company’s securities by anyone who is aware of material information about that company that is not generally known or available to the public. These laws prohibit anyone who is aware of material non-public information from disclosing this information to others who may trade on the basis of such information. Companies and their controlling persons also may be subject to liability if they fail to take reasonable steps to prevent insider trading.

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Cases have been successfully prosecuted against trading through foreign accounts, trading by family members and friends, and trading involving only a small number of shares. Both the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority investigate and are very effective at detecting insider trading. Both the SEC and the Department of Justice pursue insider trading violations vigorously.

Violations of the insider trading laws can result in severe civil and criminal sanctions. For example, under U.S. securities laws, individuals may be subject to imprisonment for up to 20 years, criminal fines of up to \$5 million and civil fines of up to three times the profit gained or loss avoided. Failure to comply with this Policy also may subject you to sanctions imposed by the Company, up to and including immediate dismissal for cause, whether or not your failure to comply with this Policy results in a violation of law.

**Structure of Policy**

The Policy is divided into two parts:

- Part I applies to everyone and prohibits trading in the Company’s and other companies’ securities in certain circumstances; and
- Part II applies only to directors and certain officers and employees of the Company who typically have access to financial and other highly sensitive information regarding the Company’s business and imposes additional restrictions on those individuals with respect to trading in the Company’s securities.

**Exceptions for Certain Transactions**

This Policy does not apply to all transactions involving the Company’s securities. The following exceptions are intended to facilitate several common types of transactions.

- Stock Option Exercise. This Policy does not apply to the mere exercise of a stock option for cash awarded under an equity incentive plan. This Policy does apply, however, to:
  - o Any sale of stock as part of a broker-assisted “cashless” exercise of an option (*i.e.*, any market sale for the purpose of generating the cash needed to pay the exercise price of an option); and
  - o Any sale of shares of Company stock received upon exercise of an option.
- Net Settlement upon Vesting of Restricted Stock. This Policy does not apply to a surrender of shares to the Company or the retention and withholding from delivery to the applicable grantee of shares by the Company (*i.e.*, a so-called “net settlement”) upon vesting of restricted stock in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement or the Company plan pursuant to which the restricted stock was granted.
- Other Transactions with the Company. This Policy does not apply to other purchases of Company securities from the Company or sales of Company securities to the Company.
- Transactions Pursuant to an Approved 10b5-1 Plan. This Policy does not apply to purchases or sales made pursuant to an Approved 10b5-1 Plan that is adopted and operated in compliance with the terms of this Policy, including Part II, Section 3(d) below.

**PART I**

**Insider Trading Prohibition**

Insider trading occurs when a person in possession of material and non-public information obtained through involvement with the Company (i) uses that information to make decisions to purchase, sell, or otherwise trade in securities of the Company or another company, or (ii) provides that information to others outside the Company to enable such trading.

U.S. federal law prohibits insider trading, and a violation of such law may cause reputational and financial damage to the Company.

## 1. Scope

Part I of this Policy applies to directors, officers, employees and independent contractors at all levels of the Company and of each subsidiary, partnership, venture or other business association that is effectively controlled by the Company, directly or indirectly, and the parents, siblings, spouses, children, household members and entities controlled by any of the foregoing (collectively, “**Insiders**”). Further, this Policy applies to all transactions in the Company’s securities, including common or preferred stock, options and warrants to purchase common stock, notes, bonds, convertible securities and any other debt or equity securities that the Company may issue, as well as to derivative securities relating to any of the Company’s securities, whether or not issued by the Company.

## 2. General Policy

(a) **No Trading in Company Securities while in Possession of Material Non-Public Information.** No Insider may purchase or sell any Company security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has relationships or may be negotiating transactions (the terms “material” and “non-public information” are defined in Part I, Section 5(a) and (b) below).

(b) **No Tipping.** No Insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

(c) **No Trading in Securities of Other Companies while in Possession of Material Non-Public Information.** In addition, no Insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. No Insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

(d) **No Trading on Rumors.** Rumors within the Company concerning matters which, if true, would be material non-public information are deemed to constitute material non-public information for purposes of this Policy. Accordingly, Insiders are prohibited from trading on the basis of rumors.

(e) **Limited Exceptions.** In certain limited circumstances, a transaction otherwise prohibited by this Policy may be permitted if, prior to the transaction, a Compliance Officer (as described in Part I, Section 5(c)) determines that the transaction is not inconsistent with the purposes of this Policy. The existence of a personal financial emergency does not excuse an Insider from compliance with this Policy and will not serve as the basis for an exception to this Policy for a transaction that is inconsistent with the purposes of this Policy. Any exception to this Policy only may be granted by a Compliance Officer in writing and must be provided before any activity contrary to the requirements herein takes place.

## 3. Other Prohibited Transactions

The Company considers it improper and inappropriate for Insiders to engage in short-term or speculative transactions in the Company’s securities or in other transactions that may lead to inadvertent violations of the insider trading laws. Accordingly, trading in the Company’s securities by Insiders is subject to the following additional restrictions:

(a) **Short sales.** No Insider may sell the Company’s securities short (*i.e.* sale of stock that the seller does not own or a sale that is completed by delivery of borrowed stock). Note that in addition to this Policy, Section 16(c) of the Securities Exchange Act of 1934, as amended (“**Exchange Act**”), prohibits Section 16 Officers (as defined in Part II, Section 1) and directors of the Company from engaging in short sales.

(b) **Trading on Margin or Pledging.** No Insider may hold Company securities in a margin account or pledge Company securities as collateral for a loan. Margin sales or foreclosures may occur at a time when the Insider is aware of material non-public information or otherwise not permitted to trade in Company securities.

(c) **Hedging.** No Insider may enter into hedging, monetization transactions or similar arrangements, including forward sale or purchase contracts, equity swaps, collars or exchange funds, with respect to Company securities. Such transactions are speculative in nature and therefore create the appearance that the transaction is based on non-public information.

(d) **Derivative Transactions.** No Insider may engage in transactions in puts, calls or other derivative instruments that relate to or involve Company securities. Such transactions are, in effect, bets on short-term movements in the Company’s stock price and therefore create the appearance that the transaction is based on non-public information.

## 4. Additional Obligations and Considerations

(a) **Material Non-Public Information Must Be Kept Confidential.** Material non-public information about the Company or its business partners is the property of the Company, and unauthorized disclosure or use of that information is prohibited. That information should be maintained in strict confidence and should be discussed, even within the Company, only with persons who have a “need to know.” You should exercise the utmost care and circumspection in dealing with information that may be material nonpublic information. Conversations in public places, such as hallways, elevators, restaurants and airplanes, involving information of a sensitive or confidential nature should be avoided. Written information should be appropriately safeguarded and should not be left where it may be seen by persons not entitled to the information. The unauthorized disclosure of information could result in serious consequences to the Company, whether or not the disclosure is made for the purpose of facilitating improper trading in securities.

(b) **Posting on the Internet, including Social Media.** Any written or verbal statement that would be prohibited under this Policy or applicable law is equally prohibited if made on electronic bulletin boards, chat rooms, blogs, websites or any form of social media, including the disclosure of material non-public information about the Company or material non-public information with respect to other companies obtained through association with the Company.

(c) **Public Disclosure Should Be Made only by Designated Persons.** In accordance with the Company’s Regulation FD Policy, no individuals other than specifically authorized personnel should release material information to the public or respond to inquiries from the media, analysts, investors or others outside the Company. You should not respond to these inquiries unless expressly authorized to do so and should refer any inquires to a person designated in the Company’s Regulation FD Policy.

(d) **Post-Employment Transactions May Be Prohibited.** The parts of this Policy relating to trading while in possession of material non-public information and the use or disclosure of that information continue to apply to transactions in Company securities even after termination of employment or association with the Company. If you are aware of material non-public information about the Company when your employment or other association with the Company ends, you may not trade in Company securities or disclose the material non-public information to anyone else until the information is made public or is no longer material.

## 5. Definitions

(a) **Materiality.** Insider trading restrictions come into play only if the information is “material.” Information is generally regarded as “material” if it has market significance (*i.e.*, if its public dissemination is likely to affect the market price of securities or if it otherwise is information that a reasonable investor would want to know

before making an investment decision). Information dealing with the following subjects is reasonably likely to be found material in particular situations:

- significant changes in the Company's prospects;
- financial results, projections of future earnings or losses;
- significant write-downs in assets;
- significant developments in products or services;
- gain or loss of substantial merchants or funding partners;
- developments regarding significant litigation or government agency investigations;
- impending bankruptcy or liquidity problems;
- changes in earnings estimates or unusual gains or losses in major operations;
- major changes in management;
- a determination to declare a dividend;
- extraordinary borrowings;
- entry into or modification or termination of a significant contract;
- proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions or tender offers, divestitures, recapitalizations, strategic alliances, licensing arrangements or purchases or sales of substantial assets;
- public offerings;
- significant disruption in the Company's operations or any unauthorized access to the Company's information technology infrastructure; and
- actions of regulatory agencies.

Material information is not limited to historical facts but also may include projections and forecasts. With respect to a future event, such as a merger or acquisition or development of a new product, the point at which negotiations or new product development plans are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a significant effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, presume it is material.

It is not possible to define all categories of material information. You should recognize that the public, the media and the courts will judge materiality in hindsight, and while a development may not seem material at the time, if following its announcement to the public, the Company's stock price increases or decreases, a plaintiff's lawyer or the SEC will use this fact to demonstrate materiality. If you are unsure whether information is material, you should consult with our Compliance Officer (defined below) before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.

(b) **Non-public Information.** Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second full trading day after the information was publicly disclosed before you can treat the information as public.

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with our Compliance Officer or assume that the information is "non-public" and treat it as confidential.

(c) **Compliance Officer.** The Company has appointed its Chief Financial Officer as its Compliance Officer for purposes of this Policy (the "**Compliance Officer**"). The duties of the Compliance Officer include, but are not limited to, the following:

- (i) assisting with implementation of this Policy;
- (ii) circulating this Policy to all directors, officers, employees and independent contractors at all levels of the Company and of each subsidiary, partnership, venture or other business association that is effectively controlled by the Company, directly or indirectly, and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;
- (iii) notifying Covered Persons (as defined in Part II, Section 1 below) of the Company's imposition of a trading "blackout" period as described in Part II, Section 3(c) below;
- (iv) reviewing and approving Approved 10b5-1 Plans (as defined below) or revisions or amendments to such Plans, as described in Part II, Section 3(d) below; and
- (v) pre-clearing all trading in securities of the Company by all Covered Persons in accordance with the procedures set forth in Part II, Section 4 below.

## PART II

### Additional Trading Restrictions for Covered Persons

#### 1. Covered Persons

Covered Persons are the individuals described below (collectively, "**Covered Persons**"):

- Current directors of the Company;
- "Executive officers" of the Company, as described in Rule 3b-7 under the Exchange Act, and all individuals designated as "officers" of the Company for purposes of Section 16 under the Exchange Act ("**Section 16 Officers**");
- All employees and independent contractors in the accounting, finance, investor relations and legal departments of the Company or any entity controlled by the Company;
- Any other employee or independent contractor that has been notified by a Compliance Officer that he or she has been added as a "Covered Person" on a permanent or temporary basis; and
- Spouses, minor children and other persons living in the household of each of the foregoing groups.

#### 2. Scope

Because Covered Persons are privy to a wider range of material non-public information (e.g., information regarding quarterly results, strategic transactions or the like), this Policy includes additional restrictions on transactions by such persons.

### 3. Trading Restrictions

(a) **Trading Window.** All Covered Persons may trade in the Company's securities only during the period beginning at the close of trading on the second full trading day following the earlier of the Company's (x) widespread public release of quarterly or annual earnings and (y) Form 10-Q or Form 10-K filing, and ending at the close of trading on the day ending fourteen days prior to the end of the fiscal quarter ("**Trading Window**").

(b) **Possession of Material Non-Public Information during a Trading Window.** A Covered Person possessing material non-public information may not trade in Company securities even during applicable trading windows whether or not the Company has recommended a suspension of trading. Such a person may trade during a trading window only after the earlier of (x) the close of trading on the second full trading day following the Company's widespread public release of such information and (y) a reasonable determination that such information no longer constitutes material non-public information.

(c) **Blackout Periods.** From time to time, other types of material non-public information regarding the Company (such as negotiation of mergers, acquisitions or dispositions or other material events) may exist. While such material non-public information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. Any such blackout periods shall be communicated to Covered Persons by a Compliance Officer.

(d) **Exception for Approved Rule 10b5-1 Plans.** These trading restrictions do not apply to transactions by Covered Persons under a pre-existing written plan, contract, instruction or arrangement under Exchange Act Rule 10b5-1 ("**Approved 10b5-1 Plan**") that:

- (i) has been reviewed and approved in advance of its adoption by our Compliance Officer (or, if an Approved 10b5-1 Plan is to be revised or amended, such revision or amendment has been reviewed and approved in advance by a Compliance Officer);
- (ii) was entered into in good faith by the Covered Person during a Trading Window and at a time when he or she was not in possession of material nonpublic information about the Company; and
- (iii) gives a third party the authority to execute such purchases and sales, outside the control of the applicable Covered Person, provided such third party does not possess any material non-public information about the Company, or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

### 4. Pre-clearance of Securities Transactions

(a) Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all Covered Persons to obtain a pre-clearance, even during a Trading Window, from a Compliance Officer for all transactions in the Company's securities. Transactions by a Compliance Officer must be pre-cleared by the other Compliance Officer.

(b) These procedures also apply to transactions by such person's spouse, minor children and other persons living in such person's household and to transactions by entities over which such person exercises control.

(c) A pre-clearance may be revoked at any time prior to the time at which the relevant Covered Person effects a transaction in the Company's securities.

(d) If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

(e) Pre-clearance is not required for purchases and sales of securities under an Approved 10b5-1 Plan. With respect to any purchase or sale under an Approved 10b5-1 Plan, the third party effecting transactions on behalf of the applicable Covered Person should be instructed to send duplicate confirmations of all such transactions to a Compliance Officer. In addition, preclearance is not required under the limited circumstances described in the introduction to this Policy (other than transactions pursuant to an Approved 10b5-1 Plan).

### 5. Short Term Trading by Covered Persons

Under Section 16(b) of the Exchange Act, any "short-swing profits" realized by a Section 16 Officer or director of the Company from a "matching" purchase and sale or "matching" sale and purchase of Company securities occurring within a six-month period is subject to disgorgement to the Company. Note that under Section 16(b), the highest sale price is matched with the lowest purchase price in determining profit, and purchases and sales that result in a loss are ignored – meaning that under these rules, you could be deemed to have a profit to be disgorged even though you actually lost money on your trades in the aggregate. There is an active group of lawyers that tracks purchases and sales by Section 16 Officers and directors for violation of these rules. There is no defense to a violation of these rules.

## Subsidiaries (Active)

Name	Jurisdiction of Organization
Climb Channel Solutions, Inc.	Delaware
TechXtend, Inc.	Delaware
ISP International Software Partners, Inc.	Delaware
Climb Global Solutions DSS LLC	Delaware
Douglas Stewart Software & Services, LLC	Florida
Interwork Technologies Inc.	Delaware
Climb Global Solutions Europe B.V.	Netherlands
Climb Channel Solutions EMEA B.V.	Netherlands
Climb Global Solutions (Canada), Inc.	Canada
Climb Global Solutions Holdings UK Limited	England and Wales
Climb Global Solutions Limited	England and Wales
Data Solutions Holdings Limited	Ireland
Climb Global Solutions EMEA Ireland Limited	Ireland
Data Solutions Distributions Limited	England and Wales
Climb Channel Solutions GmbH	Germany
Climb Global Solutions (Pty) Limited	South Africa

Consent of Independent Registered Public Accounting Firm

Climb Global Solutions, Inc.  
Eatontown, New Jersey

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-257231, 333-237670, and 333-184573) of Climb Global Solutions, Inc. of our report dated March 5, 2024, relating to the consolidated financial statements as of December 31, 2023 and for the year then ended, which appears in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.  
Woodbridge, New Jersey

February 27, 2026

Consent of Independent Registered Public Accounting Firm

Climb Global Solutions, Inc.  
Eatontown, New Jersey

We consent to the incorporation by reference in Registration Statements Nos. 333-257231, 333-237670, and 333-184573, on Form S-8 of our reports, dated February 27, 2026, relating to the consolidated financial statements and financial statement schedule of Climb Global Solutions, Inc. and subsidiaries, and the effectiveness of Climb Global Solutions, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2025.

/s/ Deloitte & Touche LLP  
New York, New York

February 27, 2026

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER (PRINCIPAL EXECUTIVE OFFICER)

I, Dale Foster, certify that:

1. I have reviewed this annual report on Form 10-K of Climb Global Solutions, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2026

/s/ Dale Foster

Dale Foster

Chief Executive Officer and Director (principal executive officer)

## CERTIFICATION OF CHIEF FINANCIAL OFFICER (PRINCIPAL FINANCIAL OFFICER)

I, Matthew Sullivan, certify that:

1. I have reviewed this annual report on Form 10-K of Climb Global Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2026

/s/ Matthew Sullivan

Matthew Sullivan

Chief Financial Officer (principal financial and accounting officer)

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Climb Global Solutions, Inc. (the "Company") on Form 10-K for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dale Foster, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dale Foster

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Dale Foster

Chief Executive Officer and Director

February 27, 2026

*A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Climb Global Solutions, Inc. (the "Company") on Form 10-K for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew Sullivan, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew Sullivan  
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Matthew Sullivan  
Chief Financial Officer  
February 27, 2026

*A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*