ESPORTS ENTERTAINMENT GROUP, INC.

Nevada	**26-3062752**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Annual Report

For the period ending June 30, 2024
(the "Reporting Period")

The number of shares outstanding of our Common Stock is 1,145,980 as of June 30, 2024. The number of shares outstanding of our Common Stock was 9,461 as of June 30, 2023 (end of previous reporting period)

General Company Information
Item 1 The exact name of the issuer and its predecessor (if any):

Esports Entertainment Group, Inc. ("EEG" or "the Company") (Since 2017). The current active state of incorporation is Nevada.

Item 2 The address of the issuer's principal executive offices and address(es) of the issuer's principal place of business:

170, Pater House, Level 1 (suite A308),
Psaila Street, Birkirkara,
BKR 9077, Malta
(Address of principal executive offices) (Zip Code)

https://esportsentertainmentgroup.com
(Company website)

ir@esportsentertainmentgroup.com
(Company email)

170, Pater House, Level 1 (suite A308),
Psaila Street, Birkirkara,
BKR 9077, Malta
(Address of principal executive offices) (Zip Code)

Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization:

The Company was formed in the state of Nevada on July 22, 2008 and is currently active. The Company is a diversified operator of iGaming, traditional sports betting and esports businesses with a global footprint. The Company's strategy is to build and acquire iGaming and traditional sports betting platforms and use them to grow the esports business. On March 1, 2021, the Company completed the acquisition of the operating assets and specified liabilities that comprise the online gaming operations of Lucky Dino Gaming Limited, a company registered in Malta, and Hiidenkivi Estonia OU, its wholly owned subsidiary registered in Estonia (collectively referred to as "Lucky Dino"). On June 1, 2021, the Company acquired ggCircuit, LLC ("GGC"). GGC is a business-to-business software company that provides cloud-based management for gaming centers, a tournament platform and integrated wallet and point-of-sale solutions.

ESPORTS ENTERTAINMENT GROUP, INC.

Annual Report

For the Year Ended June 30, 2024

FINANCIAL INFORMATION

Financial Statements.

Esports Entertainment Group, Inc.
Consolidated Balance Sheets

	June 30, 2024 Unaudited	June 30, 2023 Unaudited
ASSETS		
Current assets		
Cash	$ 168,100	$ 1,745,298
Restricted cash	8,584	168,304
Accounts receivable, net	29,338	93,871
Receivables reserved for users	426,239	831,942
Other receivables	203,815	497,603
Prepaid expenses and other current assets	188,091	706,030
Total current assets	1,024,167	4,043,048
Equipment, net	-	20,013
Operating lease right-of-use asset	-	85,517
Intangible assets, net	2,396,820	13,324,627
Goodwill	-	4,491,223
Other non-current assets	-	136,863
TOTAL ASSETS	$ 3,420,987	$ 22,101,291

LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS’ EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 9,023,985	$ 7,106,194
Liabilities to customers	239,368	664,313
Deferred revenue	1,242,856	989,027
Operating lease liability – current	-	95,903
Total current liabilities	10,506,209	8,855,437
Long-term debt, net of issuance costs	1,452,242	-
Derivative liability	351,011	-
Warrant liability	639,708	365,726
Deferred income taxes	-	-
Total liabilities	12,949,170	9,221,163
Commitments and contingencies (Note 11)		
Mezzanine equity:		
10% Series A cumulative redeemable convertible preferred stock, $0.001 par value, 1,725,000 authorized, 835,950 shares issued and outstanding, aggregate liquidation preference $9,663,582 at June 30, 2024 and $9,195,450 at June 30, 2023	8,866,249	8,083,869
Series B redeemable preferred stock, $0.001 par value, 100 authorized, no shares issued and outstanding, June 30, 2024 and June 30, 2023	-	-
Series C Convertible Preferred Stock, $0.001 par value, 20,000 authorized, 1,775 shares issued and outstanding, aggregate liquidation preference $3,944,444 at June 30, 2024	2,406,502	-
Series D Convertible Preferred Stock, $0.001 par value, 10,000 authorized, 1,811 shares issued and outstanding, aggregate liquidation preference $2,114,916 at June 30, 2024	1,272,298	-
Series E redeemable Preferred Stock, $0.001 par value, 100 authorized, 100 and 0 shares issued and outstanding, June 30, 2024 and June 30, 2023, respectively	1,000	-
Total Mezzanine equity	12,546,049	8,083,869
Stockholders’ equity (deficit)		
Preferred stock $0.001 par value; 10,000,000 shares authorized	-	-
Series C Convertible Preferred Stock, $0.001 par value, 20,000 authorized, 14,601 shares issued and outstanding, aggregate liquidation preference $18,506,798 at June 30, 2023	-	14,805,438
Series D Convertible Preferred Stock, $0.001 par value, 10,000 authorized, 4,300 shares issued and outstanding, aggregate liquidation preference $5,421,245 at June 30, 2023	-	2,618,389
Common stock $0.001 par value; 1,250,000 shares authorized, 1,145,980 and 9,461 shares issued and outstanding as of June 30, 2024 and June 30, 2023, respectively	1,146	9
Additional paid-in capital	190,426,485	173,465,492
Accumulated deficit	(208,325,304)	(181,425,905)
Accumulated other comprehensive loss	(4,176,559)	(4,667,164)
Total stockholders’ equity (deficit)	(22,074,232)	4,796,259
TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS’ EQUITY (DEFICIT)	$ 3,420,987	$ 22,101,291

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

Esports Entertainment Group, Inc.
Consolidated Statements of Operations

	Year Ended June 30,	
	2024	2023
	Unaudited	Unaudited
Net revenue	$ 8,102,002	$ 22,965,804
Operating costs and expenses:		
Cost of revenue	2,093,077	8,787,254
Sales and marketing	2,233,912	5,946,697
General and administrative	15,908,357	28,902,017
Loss on disposal of businesses, net	-	3,497,221
Asset impairment charges	12,981,142	16,135,000
Total operating expenses	33,216,488	63,268,189
Operating loss	(25,114,486)	(40,302,385)
Other income (expense):		
Interest expense	(47,242)	(2,485,758)
Gain on termination of lease	-	799,901
Loss on extinguishment of senior convertible note	-	(1,821,013)
Change in fair value of derivative liability	(999,695)	7,435,687
Change in fair value of warrant liability	(273,982)	7,113,292
Change in fair value of contingent consideration	-	(2,864,551)
Other non-operating income (loss)	(463,994)	(160,276)
Total other income (expense), net	(1,784,913)	8,017,282
Income (Loss) before income taxes	(26,899,399)	(32,285,103)
Income tax benefit (expense)	-	(376)
Net loss	$ (26,899,399)	$ (32,285,479)

	Year Ended June 30,	
	2024	2023
	Unaudited	**Unaudited**
10% Series A cumulative redeemable convertible preferred stock cash dividend	(334,380)	(802,512)
Undeclared dividend on 10% Series A cumulative redeemable convertible preferred stock	(468,132)	-
Accretion of 10% Series A cumulative redeemable convertible preferred stock to redemption value	(314,248)	(302,489)
Accretion of the original discount on Series C convertible preferred stock	(1,820,000)	-
Accretion of the original preferred warrant discount on Series D convertible preferred stock	(1,377,878)	-
Accretion of the original discount on Series D convertible preferred stock	(422,143)	-
Dividend on Series C convertible preferred stock and Series D convertible preferred stock	(589,421)	(241,681)
Deemed dividend on accretion of Series D convertible preferred Stock to redemption value	(197,377)	-
Deemed dividend on make whole provision on Series C convertible preferred stock	(4,805,990)	-
Deemed dividend from down round provision on Series C convertible preferred stock and Series D convertible preferred stock	(23,949,067)	-
Accretion of original derivative liability on extinguishment of Series C convertible preferred stock and Series D convertible preferred stock	3,236,090	-
Extinguishment of Series C convertible preferred stock and Series D convertible preferred stock	1,762,017	-
Accretion of issuance costs of Series D convertible preferred stock on extinguishment	(143,621)	-
Accretion of discount on Series C convertible preferred stock and Series D convertible preferred stock	(333,653)	-
Net loss attributable to common stockholders	$(56,657,202)	$(33,632,161)
Net loss per common share:		
Basic and diluted loss per common share	$ (79.87)	$ (7,850.64)
Weighted average number of common shares outstanding, basic and diluted	709,370	4,284

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

Esports Entertainment Group, Inc.
Consolidated Statements of Comprehensive Loss
(Unaudited)

	Year Ended June 30,	
	2024	**2023**
Net loss	$ (26,899,399)	$ (32,285,479)
Other comprehensive loss:		
Reclassification of accumulated foreign currency translation net losses to net loss as a result of the disposal of businesses	-	2,487,334
Foreign currency translation gain	490,605	221,616
Total comprehensive loss	$ (26,408,794)	$ (29,576,529)

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

Esports Entertainment Group, Inc.
Consolidated Statements of Changes in Mezzanine Equity and Stockholders' Equity (Deficit)
For Year Ended June 30, 2024 and 2023 (Unaudited)

	Mezzanine Equity										Shareholders' Equity (Deficit)									
	10% Series A Cumulative Redeemable Convertible Preferred Stock		Series B Redeemable Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Series E Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional	Accumulated	Accumulated other comprehensive	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	paid-in capital	Deficit	loss	Total
Balance as at July 1, 2023	835,950	8,083,869	-	-	-	-	-	-	-	-	14,601	14,805,438	4,300	2,618,389.0	9,460	9	173,465,492	(181,425,905)	(4,667,164)	4,796,259
Common stock and warrants issued in equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	3	193,497	-	-	193,500
Proceeds from exercise of pre funded warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,420	10	806,490	-	-	806,500
Accretion of redemption value and issuance costs for 10% Series A cumulative redeemable convertible preferred stock	-	314,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(314,248)	-	-	(314,248)
10% Series A cumulative redeemable convertible preferred stock cash dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(334,380)	-	-	(334,380)
Undeclared dividend on 10% Series A cumulative redeemable convertible preferred stock	-	468,132	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(468,132)	-	-	(468,132)
Dividend on Series C convertible preferred stock and Series D convertible preferred stock	-	-	-	-	-	24,512	-	-	-	-	-	380,982	-	183,927	-	-	(589,421)	-	-	(24,512)
Deemed dividend on make whole provision on Series C convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	4,805,990	-	-	-	-	(4,805,990)	-	-	-
Deemed dividend from down round provision on Series C convertible preferred stock and Series D convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversions of the Convertible preferred stock	-	-	-	-	-	-	-	-	-	-	(12,826)	(16,467,745)	-	-	526,503	527	16,467,218	-	-	-
Redemption of Series D Convertible Preferred Stock and payment of dividend	-	-	-	-	-	-	-	-	-	-	-	-	(2,489)	(2,617,942)	-	-	-	-	-	(2,617,942)
Deemed dividend on accretion of Series D convertible preferred Stock to redemption value	-	-	-	-	-	-	-	-	-	-	-	-	-	197,377	-	-	(197,377)	-	-	-
Delay Payment for Series D Convertible Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	652	1	12,078	-	-	12,079
Reclass of Series C convertible preferred stock and Series D convertible preferred stock to Mezzanine Equity	-	-	-	-	1,775	3,524,665	1,811	1,759,629	-	-	(1,775)	(3,524,665)	(1,811)	(1,759,629)	-	-	-	-	-	(5,284,294)
Accretion of the original preferred warrant discount on Series D convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	1,377,878	-	-	(1,377,878)	-	-	-
Bifurcation of old Series D derivative	-	-	-	-	-	-	-	(422,143)	-	-	-	-	-	-	-	-	-			
Bifurcation of Series C & Series D derivative	-	-	-	-	-	(224,762)	-	(120,501)	-	-	-	-	-	-	-	-	-	-	-	
Accretion of original discount on Series C Convertible Preferred Stock	-	-	-	-	-	1,820,000	-	-	-	-	-	-	-	-	-	-	(1,820,000)	-	-	(1,820,000)
Bifurcation of derivative	-	-	-	-	-	(1,820,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accretion of the original discount on Series D convertible preferred stock	-	-	-	-	-	-	-	422,143	-	-	-	-	-	-	-	-	(422,143)	-	-	(422,143)
Deemed dividend on reclassification of Series D Convertible Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accretion of original derivative liability on extinguishment of Series C convertible preferred stock and Series D convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,236,090	-	-	3,236,090
Extinguishment of Series C convertible preferred stock and Series D convertible preferred stock	-	-	-	-	-	(1,132,872)	-	(629,145)	-	-	-	-	-	-	-	-	1,762,017	-	-	1,762,017
Accretion of issuance costs of Series D convertible preferred stock on extinguishment	-	-	-	-	-	-	-	143,621	-	-	-	-	-	-	-	-	(143,621)	-	-	(143,621)
Accretion of discount on Series C Convertible Preferred Stock and Series D Convertible Preferred Stock	-	-	-	-	-	214,959	-	118,694	-	-	-	-	-	-	-	-	(333,653)	-	-	(333,653)
Issuance of common stock under the ATM, net of issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	515,394	515	5,248,371	-	-	5,248,886
Proceeds from issuance of Series E redeemable preferred stock	-	-	-	-	-	-	-	-	100	1,000	-	-	-	-	-	-	-	-	-	-
Stock based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,156	-	-	42,156
Issuance of common stock due to the reverse stock split round-up	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,051	81	(81)	-	-	-
Foreign exchange translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	490,605	490,605
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,899,399)	-	(26,899,399)
Balance as at June 30, 2024	835,950	8,866,249	-	-	1,775	2,406,502	1,811	1,272,298	100	1,000	-	-	-	-	1,145,980	1,146	190,426,485	(208,325,304)	(4,176,559)	(22,074,232)

	Mezzanine Equity										Shareholders' Equity (Deficit)									
	10% Series A Cumulative Redeemable Convertible Preferred Stock		Series B Redeemable Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Series E Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional	Accumulated	Accumulated other comprehensive	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	paid-in capital	Deficit	loss	Total
Balance as at June 30, 2022	835,950	7,781,380	-	-	-	-	-	-	-	-	-	-	-	-	1,024	1	144,915,095	(149,140,426)	(7,376,114)	(11,601,444)
Accretion of redemption value and issuance costs for 10% Series A cumulative redeemable convertible preferred stock	-	302,489	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(302,489)	-	-	(302,489)
10% Series A cumulative redeemable convertible preferred stock cash dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(802,512)	-	-	(802,512)
Proceeds from issuance of Series B redeemable preferred stock	-	-	100	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of the Series B redeemable preferred stock	-	-	(100)	(1,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock and pre-funded warrants issued in equity financing, net of issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,019	1	3,714,815	-	-	3,714,816
Common stock issued on exercise of Pre-funded warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	447	-	17,850	-	-	17,850
Conversion of Senior Convertible Note	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,603	6	22,877,949	-	-	22,877,955
Conversion of the senior convertible note to Series C Convertible Preferred Stock	-	-	-	-	-	-	-	-	-	-	15,230	15,230,024	-	-	-	-	-	-	-	15,230,024
Dividend on Series C convertible preferred stock and Series D convertible preferred stock	-	-	-	-	-	-	-	-	-	-	-	204,414	-	37,267	-	-	(241,681)	-	-	-
Conversions of the Series C convertible preferred stock	-	-	-	-	-	-	-	-	-	-	(629)	(629,000)	-	-	1,027	1	628,999	-	-	-
Proceeds from issuance of Series D convertible preferred stock and warrants	-	-	-	-	-	-	-	-	-	-	-	-	4,300	2,581,122	-	-	1,377,878	-	-	3,959,000
Common stock issued to settle payables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	278	-	131,439	-	-	131,439
Stock based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	63	-	1,148,149	-	-	1,148,149
Foreign exchange translation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,708,950	2,708,950
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,285,479)	-	(32,285,479)
Balance as at June 30, 2023	835,950	8,083,869	-	-	-	-	-	-	-	-	14,601	14,805,438	4,300	2,618,389	9,461	9	173,465,492	(181,425,905)	(4,667,164)	4,796,259

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

Esports Entertainment Group, Inc.
Consolidated Statements of Cash Flows (Unaudited)

	For the Years Ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net loss	$ (26,899,399)	$ (32,285,479)
Adjustments to reconcile net loss to net cash used in operating activities:		
Asset impairment charges	12,981,142	16,135,000
Amortization and depreciation	2,672,346	6,475,794
Right-of-use asset amortization	84,775	46,244
Bad debt expense	324,558	-
Stock-based compensation	42,156	1,148,149
Loss on extinguishment of senior convertible note	-	1,821,013
Amortization of issuance costs on secured note	2,375	-
Increase in secured note from accrued interest	44,867	-
Change in fair value of warrant liability	273,982	(7,113,292)
Change in fair value of contingent consideration	-	2,864,551
Change in fair value of derivative liability	999,695	(7,435,687)
Loss on disposal of businesses, net	-	3,497,221
Gain on termination of lease	-	(799,901)
Changes in operating assets and liabilities:		
Accounts receivable	64,533	208,891
Receivables reserved for users	394,494	14,423
Other receivables	101,496	(1,463)
Prepaid expenses and other current assets	546,428	575,928
Other non-current assets	-	562,453
Accounts payable and accrued expenses	1,991,708	888,203
Liabilities to customers	(416,939)	(2,624,711)
Deferred revenue	253,829	413,930
Operating lease liability	(95,903)	(137,748)
Net cash used in operating activities	(6,633,857)	(15,746,481)
Cash flows from investing activities:		
Proceeds from the sale of Bethard Business	-	1,739,882
Proceeds from the sale of Spanish operations	-	1,200,000
Purchase of intangible assets	(62,790)	-
Purchase of equipment	-	(3,321)
Net cash (used in) provided by investing activities	(62,790)	2,936,561

	For the Years Ended June 30, 2024	2023
Cash flows from financing activities:		
Proceeds from issuance of secured note, net of issuance costs	1,405,000	-
Proceeds from equity financing, net of issuance costs	193,500	9,001,103
Proceeds from the exercise of pre-funded warrants	806,500	17,850
Proceeds from issuance of Series B redeemable preferred stock	-	1,000
Redemption of Series B redeemable preferred stock	-	(1,000)
Proceeds from issuance of Series D convertible preferred stock, preferred warrants and common warrants, net of issuance costs	-	3,959,000
Redemption of Series D redeemable preferred stock, net of issuance costs	(2,617,942)	-
Proceeds from issuance of Series E convertible preferred stock, net of issuance costs	1,000	-
Payment of dividends on 10% Series A cumulative redeemable convertible preferred stock	(334,380)	(802,512)
Issuance of Common Stock under the ATM, net of issuance costs	5,248,886	-
Repayment of senior convertible note	-	(3,458,403)
Repayment of notes payable and finance leases	-	(37,150)
Net cash provided by financing activities	4,702,564	8,679,888
Effect of exchange rate on changes in cash and restricted cash	257,165	1,233,826
Net decrease in cash and restricted cash	(1,736,918)	(2,896,206)
Cash and restricted cash, beginning of period	1,913,602	4,809,808
Cash and restricted cash, end of period	$ 176,684	$ 1,913,602

Reconciliation of cash and restricted cash to the unaudited consolidated balance sheets:

	June 30, 2024	June 30, 2023
Cash	$ 168,100	$ 1,745,298
Restricted cash	8,584	168,304
	$ 176,684	$ 1,913,602

Reconciliation of cash and restricted cash to the unaudited consolidated balance sheets:

	June 30, 2022
Cash	$ 2,517,146
Restricted cash	2,292,662
	$ 4,809,808

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

Esports Entertainment Group, Inc.
Consolidated Statements of Cash Flows (Unaudited)

	June 30, 2024	June 30, 2023
SUPPLEMENTAL CASH FLOW INFORMATION:		
CASH PAID FOR:		
Interest	$ -	$ 2,442,673
Income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Accretion of 10% Series A cumulative redeemable convertible preferred stock to redemption value	$ 314,248	$ 302,489
Undeclared dividend on 10% Series A cumulative redeemable convertible preferred stock	$ 468,132	$ -
Increase in Senior Convertible Note from conversion of accounts payable and accrued interest	$ -	$ 2,500,000
Conversion of Senior Convertible Notes to Common Stock	$ -	$ 19,261,583
Conversion of principal on senior convertible note to Series C Convertible Preferred Stock	$ -	$ 15,230,024
Conversion of Series C Convertible Preferred Stock to Common Stock	$ 16,467,745	$ 629,000
Common Stock issued to settle registration rights delay fee	$ 12,078	$ -
Common Stock issued to settle payables	$ -	$ 131,439
Bifurcation of derivative	$ 1,820,000	$ -
Accretion of the original discount on Series C convertible preferred stock	$ 1,820,000	$ -
Deemed dividend on accretion of Series D convertible preferred Stock to redemption value	$ 197,377	$ -
Dividend on Series C convertible preferred stock and Series D convertible preferred stock	$ 589,421	$ -
Deemed dividend on make whole provision on Series C convertible preferred stock	$ 4,805,990	$ -
Deemed dividend from down round provision on Series C convertible preferred stock and Series D convertible preferred stock	$ 23,949,067	$ -
Accretion of the original preferred warrant discount on Series D convertible preferred stock	$ 1,377,878	$ -
Bifurcation of derivative	$ 422,143	$ -
Accretion of the original discount on Series D convertible preferred stock	$ 422,143	$ -
Accretion of original derivative liability on extinguishment of Series C convertible preferred stock and Series D convertible preferred stock	$ 3,236,090	$ -
Extinguishment of Series C convertible preferred stock and Series D convertible preferred stock	$ 1,762,017	$ -
Accretion of issuance costs of Series D convertible preferred stock on extinguishment	$ 143,621	$ -
Bifurcation of derivative on Series C Convertible Preferred Stock dividends and Series D convertible preferred stock	$ 345,263	$ -
Accretion of discount on Series C convertible preferred stock and Series D convertible preferred stock	$ 333,653	$ -

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

Esports Entertainment Group, Inc.
Notes to the Unaudited Consolidated Financial Statements

Note 1 – Nature of Operations

Esports Entertainment Group, Inc. (the "Company") was formed in the state of Nevada on July 22, 2008 under the name Virtual Closet, Inc., before changing its name to DK Sinopharma, Inc. on June 6, 2010 and then to, VGambling, Inc. on August 12, 2014. On or about April 24, 2017, VGambling, Inc. changed its name to Esports Entertainment Group, Inc.

The Company is a diversified operator of iGaming, traditional sports betting and esports businesses with a global footprint. The Company's strategy is to build and acquire iGaming and traditional sports betting platforms and use them to grow the esports business. On July 31, 2020, the Company commenced revenue generating operations with the acquisition of LHE Enterprises Limited, a holding company for Argyll Entertainment ("Argyll"), an online sportsbook and casino operator. On January 21, 2021, the Company completed its acquisition of Phoenix Games Network Limited, the holding company for the Esports Gaming League ("EGL"), and provider of event management and team services, including live and online events and tournaments. On March 1, 2021, the Company completed the acquisition of the operating assets and specified liabilities that comprise the online gaming operations of Lucky Dino Gaming Limited, a company registered in Malta, and Hiidenkivi Estonia OU, its wholly owned subsidiary registered in Estonia (collectively referred to as "Lucky Dino"). On June 1, 2021, the Company acquired ggCircuit, LLC ("GGC"). GGC is a business-to-business software company that provides cloud-based management for gaming centers, a tournament platform and integrated wallet and point-of-sale solutions. On July 13, 2021, the Company acquired Bethard Group Limited's business-to-consumer operations that included the online casino and sports book business operating under the brand of Bethard ("Bethard"). Bethard's operations provided sportsbook, casino, live casino and fantasy sport betting services.

During the year ended June 30, 2023, the Company completed a series of independent transactions to streamline its operations to reduce operating losses and to increase its focus on core businesses. The Company closed its Argyll operations on December 8, 2022 by surrendering its UK license and deconsolidated its Argyll operating entities due to liquidation and loss of control of the entities, with Argyll Entertainment being deconsolidated on March 27, 2023 and Argyll Productions being deconsolidated on June 9, 2023. The Company sold its Spanish iGaming operations on January 18, 2023, sold the Bethard business on February 24, 2023 and exited the EGL business as of June 30, 2023. The core businesses of the Company include Lucky Dino of EEG iGaming and GGC of EEG Games (see *Reportable Segments*).

On February 13, 2024, the Company announced it was voluntarily delisting from the Nasdaq Capital Markets, LLC ("Nasdaq"). On February 16, 2024, the Company received notice from Nasdaq that it was being suspended on Nasdaq on opening of trading on February 21, 2024. As a result of the suspension, on February 21, 2024 the Company began trading on the Over the Counter Market (the "OTC"). On February 27, 2024, the Company filed a Form 25 with the SEC to effect the delisting of its securities from Nasdaq. The Company is now subject to listing requirements of the OTC alternative reporting requirements.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation and principles of consolidation

The accompanying unaudited consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to fairly state the results for the periods presented. The unaudited consolidated financial statements should be read along with any other public information provided by the Company. The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Effective February 22, 2023, the Company completed a one-for-one-hundred (1-for-100) reverse stock split of the Company's issued and outstanding Common Stock (the "Reverse Stock Split February 2023"). Effective December

22, 2023, the Company completed a one-for-four-hundred (1-for-400) reverse stock split of the Company's issued and outstanding Common Stock (the "Reverse Stock Split December 2023"). The Reverse Stock Split January 2023 and the Reverse Stock Split December 2023 are together referred to as the "Reverse Stock Splits". All references to shares of the Company's Common Stock in the unaudited consolidated financial statements and related notes refer to the number of shares of Common Stock after giving effect to the Reverse Stock Splits and are presented as if the Reverse Stock Splits had occurred at the beginning of the earliest period presented.

Reportable Segments

The Company operates two complementary business segments:

EEG iGaming

EEG iGaming includes the Company's iGaming casino and other functionality and services for iGaming customers. Currently, the Company operates the business to consumer segment primarily in Europe. iDefix, proprietary technology acquired in connection with the acquisition of Lucky Dino, is a Malta Gaming Authority ("MGA") licensed iGaming platform with payments, payment automation manager, bonusing, loyalty, compliance and casino integrations that services Lucky Dino.

Alongside the esports focused platform, EEG owns and operates the online casino brands of Lucky Dino, licensed by the MGA with a Tier-1 gambling license and using its in-house built iDefix casino-platform. The Lucky Dino business provides a foothold in mature markets in Europe.

EEG Games

EEG Games' focus is on providing esports entertainment experiences to gamers through a combination of: (1) the Company's proprietary infrastructure software, GGC, which underpins the Company's focus on esports and is a leading provider of local area network ("LAN") center management software and services, enabling the Company to seamlessly manage mission critical functions such as game licensing and payments, and (2) the creation of esports content for distribution. Currently, the Company operates the majority of its esports EEG Games business in the United States and Europe.

These segments consider the organizational structure of the Company and the nature of financial information available and are reviewed by the chief operating decision maker to assess performance and make decisions about resource allocations.

Use of Estimates

The preparation of unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the unaudited consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the determination of the fair value for derivative instruments.

Liquidity and Going Concern

The accompanying unaudited consolidated financial statements of the Company have been prepared assuming the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will continue in operation one year after the date these unaudited consolidated financial statements are issued and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has determined that certain factors raise substantial doubt about its ability to continue as a going concern for a least one year from the date of issuance of these unaudited consolidated financial statements.

The Company considered that it had an accumulated deficit of $208,325,304 as of June 30, 2024 and that it has had a history of recurring losses from operations and recurring negative cash flows from operations as it has prepared to grow its business through acquisition and new venture opportunities. At June 30, 2024, the Company had $168,100 of available cash on-hand and net current liabilities of $9,482,042. Net cash used in operating activities for the twelve months ended June 30, 2024 was $6,633,857, which includes a net loss of $26,899,399.

The Company also considered its current liquidity as well as future market and economic conditions that may be deemed outside the control of the Company as it relates to obtaining financing and generating future profits.

In determining whether the Company can overcome the presumption of substantial doubt about its ability to continue as a going concern, the Company may consider the effects of any mitigating plans for additional sources of financing and plans to minimize costs. The Company is considering additional financing sources it believes, depending on market conditions, may be available to fund its operations and drive future growth, which includes the ability to raise additional financing from other sources.

These above plans are likely to require the Company to place reliance on several factors, including favorable market conditions, to access additional capital in the future. These plans were therefore determined not to be sufficient to overcome the presumption of substantial doubt about the Company's ability to continue as a going concern. The unaudited consolidated financial statements do not reflect any adjustments that might result from the outcome of this uncertainty.

Cash and Cash Equivalents

Cash includes cash on hand. Cash equivalents consist of highly liquid financial instruments purchased with an original maturity of three months or less. As of June 30, 2024 and June 30, 2023, the Company did not have any financial instruments classified as cash equivalents. At times, cash deposits inclusive of restricted cash may exceed Federal Deposit Insurance Corporation ("FDIC") insured limits. Accounts are insured by the FDIC up to $250,000 per financial institution. There have been no losses recognized on cash balances held at these financial institutions.

Restricted Cash

Restricted cash includes cash reserves maintained for compliance with gaming regulations that require adequate liquidity to satisfy the Company's liabilities to customers. Restricted cash also can include amounts held in escrow related to the execution of the escrow agreement (as defined in Note 14) with an independent third-party escrow agent, that was entered into concurrent with a settlement agreement, dated October 6, 2023 (as defined in Note 14), pursuant to which Redemption Proceeds (as defined in Note 14) received from each closing of "at the market" sales from the Equity Distribution Agreement (as defined in Note 14) were deposited into a non-interest bearing escrow account. As of June 30, 2024 and June 30, 2023, there was $8,584 and $168,304, respectively, in restricted cash related to the liabilities to customers. There were no amounts held in escrow as of June 30, 2024 or June 30, 2023.

Receivables Reserved for Users

User deposit receivables are stated at the amount the Company expects to collect from a payment processor. A user initiates a deposit with a payment processor, and the payment processor remits the deposit to the Company. The amount due from the payment processor is recorded as a receivable reserved for users on the unaudited consolidated balance sheets. An allowance for doubtful accounts may be established if it is determined that the Company is unable to collect a receivable from a payment processor. An increase to the allowance for doubtful accounts is recognized as a loss within general and administrative expenses in the unaudited consolidated statements of operations. The allowance for doubtful accounts is not material to the unaudited consolidated financial statements.

Equipment

Equipment is stated at cost less accumulated depreciation. The Company capitalizes the direct cost of equipment as well as expenditures related to improvements and betterments that add to the productive capacity or useful life of the equipment. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset, or for leasehold improvements, the shorter of the initial lease term or the estimated useful life of the improvements. The estimated useful life of equipment by asset class follows:

Computer equipment	Up to 5 years
Furniture and fixtures	Up to 7 years
Leasehold improvements	Shorter of the remaining lease term or estimated life of the improvement

The estimated useful life and residual value of equipment are reviewed and adjusted, if appropriate, at the end of each reporting period. The costs and accumulated depreciation of assets that are sold, retired, or otherwise disposed of are removed from the accounts and the resulting gain or loss is recognized as a gain or loss on sale or disposition of assets in the unaudited consolidated statements of operations.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The Company records the assets acquired, liabilities assumed and acquisition-related contingent consideration at fair value on the date of acquisition. The difference between the purchase price, including any contingent consideration, and the fair value of net assets acquired is recorded as goodwill. The Company may adjust the preliminary purchase price and purchase price allocation, as necessary, during the measurement period of up to one year after the acquisition closing date as it obtains more information as to facts and circumstances that impact the determination of fair value at the acquisition date. Any change in fair value of acquisition-related contingent consideration resulting from events after the acquisition date is recognized in earnings. Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred.

Goodwill

Goodwill represents the excess of fair value of consideration paid for an acquired entity over the fair value of the assets acquired and liabilities assumed in a business combination. Goodwill is not amortized but rather it is tested for impairment at the reporting unit level on an annual basis at the beginning of the fourth quarter for each fiscal year, or more often if events or changes in circumstances indicate that more likely than not the carrying amount of the asset may not be recoverable. A reporting unit represents an operating segment or a component of an operating segment. In accordance with ASC Topic 350 *Intangibles – Goodwill and Other*, as of June 30, 2024 the Company's business is classified into two reporting units: iGaming Malta (includes Lucky Dino and is the iGaming segment) and GGC (EEG Games segment). Bethard which was previously part of the iGaming Malta reporting unit was disposed of during the year ended June 30, 2023, Argyll Entertainment and Argyll Productions were liquidated during the year ended June 30, 2023 and were previously part of the iGaming Argyll reporting unit and EGL was sold on June 30, 2023 and was part of its own reporting unit.

In testing goodwill for impairment, the Company has the option to begin with a qualitative assessment, commonly referred to as "Step 0," to determine whether it is more likely than not that the fair value of a reporting unit containing goodwill is less than its carrying value. This qualitative assessment may include, but is not limited to, reviewing factors such as macroeconomic conditions, industry and market considerations, cost factors, entity-specific financial performance and other events, including changes in the Company's management, strategy and primary user base. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, the Company then performs a quantitative goodwill impairment analysis by comparing the carrying amount to the fair value of the reporting unit. If it is determined that the fair value is less than its carrying amount, the excess of the goodwill carrying amount over the implied fair value is recognized as an impairment loss in accordance with Accounting Standards Update ("ASU") No. 2017-04, *Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment*. The Company utilizes a discounted cash flow analysis, referred to as an income approach, and uses internal and market multiples, to assess reasonableness of assumptions, to determine the estimated fair value of the reporting units. For the income approach, significant judgments and assumptions including anticipated revenue growth rates, discount rates, gross margins, operating expenses, working capital needs and capital expenditures are inherent in the fair value estimates, which are based on the Company's operating and capital forecasts. As a result, actual results may differ from the estimates utilized in the income approach. The use of alternate judgments and/or assumptions could result in a fair value that differs from the Company's estimate and could result in the recognition of additional impairment charges in the unaudited consolidated financial statements. As a test for reasonableness, the Company also considers the combined fair values of the Company's reporting units to a reasonable market capitalization of the Company. The Company may elect not to perform the qualitative assessment for some or all reporting units and perform a quantitative impairment test.

Intangible assets

Intangible assets with determinable lives consist of player relationships, developed technology and software, tradenames and gaming licenses. Intangible assets with determinable lives are amortized on a straight-line basis over their estimated useful lives of 5 years for player relationships and developed technology and software, 10 years for tradenames and 2 years for gaming licenses. The Company also capitalizes internal-use software costs such as external consulting fees, payroll and payroll-related costs and stock-based compensation for employees in the Company's development and information technology groups who are directly associated with, and who devote time to, the Company's internal-use software projects. Capitalization begins when the planning stage is complete and the Company commits resources to the software project and continues during the application development stage. Capitalization ceases when the software has been tested and is ready for its intended use. Costs incurred during the planning, training and post-implementation stages of the software development life cycle are expensed as incurred.

Impairment of Long-Lived Assets

Equipment and other long-lived assets, including finite lived intangibles, are evaluated for impairment periodically or when events and circumstances indicate that the carrying amount of an asset may not be recoverable. If an evaluation is required, an estimate of future undiscounted cash flows are determined through estimated disposition date of the asset. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than the carrying amount, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. An estimation of future cash flows requires significant judgment as the Company makes assumptions about future results and market conditions. Since the determination of future cash flows is an estimate of future performance, there may be impairments recognized in future periods in the event future cash flows do not meet expectations.

Jackpot Provision

The jackpot provision liability is an estimate of the amount due to players for progressive jackpot winnings. The jackpot liability is accrued monthly based on an estimate of the jackpot amount available for winning. The jackpot increases with each bet on a jackpot eligible iGaming casino machine and a portion of each losing bet is allocated towards the funding of the jackpot amount. Jackpots are programmed to be paid out randomly across certain casino brands. When a player wins a jackpot, the amount of the jackpot is reset to a defined amount that varies across eligible iGaming casino machines. Participating iGaming casino machines of the Company pool into the same jackpot and therefore the winning of a jackpot affects other players on the network of participating iGaming casino machines.

Leases

The Company leases for office space through operating lease agreements that were a result of its acquisitions of Lucky Dino and GGC. The Company measures an operating lease right-of-use ("ROU") asset and liability, as well as a finance lease asset and liability, based on the present value of the future minimum lease payments over the lease term at the commencement date. Minimum lease payments include the fixed lease and non-lease components of the agreement, as well as any variable rent payments that depend on an index, initially measured using the index at the lease commencement date.

The minimum payments under operating leases are recognized on a straight-line basis over the lease term in the unaudited consolidated statements of operations. Operating lease expenses related to variable lease payments are recognized as operating expenses in a manner consistent with the nature of the underlying lease and as the events, activities, or circumstances in the lease agreement occur. Leases with a term of less than 12 months ("short-term leases") are not recognized on the unaudited consolidated balance sheets. The rent expense for short-term leases is recognized on a straight-line basis over the lease term and included in general and administrative expense on the unaudited consolidated statements of operations.

Income Taxes

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the unaudited consolidated financial statements or in the Company's tax returns. Deferred tax assets and liabilities are determined on the basis of the differences between U.S. GAAP treatment and tax treatment of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of the deferred tax assets will not be realized, a valuation allowance is established through a charge to income tax expense. Potential for recovery of deferred tax assets is evaluated by considering taxable income in carryback years, existing taxable temporary differences, prudent and feasible tax planning strategies and estimated future taxable profits.

The Company accounts for uncertainty in income taxes recognized in the unaudited consolidated financial statements by applying a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination by the taxing authorities. If the tax position is deemed more-likely-than-not to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the unaudited consolidated financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement. The provision for income taxes includes the effects of any resulting tax reserves, or unrecognized tax benefits, that are considered appropriate, as well as the related net interest and penalties.

Derivative financial instruments

The Company assesses classification of its equity-linked instruments at each reporting date to determine whether a change in classification between equity and liabilities (assets) is required (Note 10). The Company can make an accounting policy election on the allocation order and choose the policy that management determines is most favorable. The Company elected to reclassify outstanding instruments based on allocating the unissued shares to contracts with the latest inception date resulting in the contracts with the earliest inception date being recognized as liabilities first.

The Company evaluates its convertible notes, equity instruments and warrants, to determine if those contracts or embedded components of those contracts qualify as derivatives (Note 10). The result of this accounting treatment is that in the event the embedded derivative is a liability, it is recorded at fair value each reporting period in the unaudited consolidated balance sheet. In the event the embedded derivative fair value is recorded as a liability (Note 16), the change in fair value is recorded in the unaudited consolidated statements of operations as other income or expense (Note 16).

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to a liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities are classified in the unaudited consolidated balance sheet as current or non-current to correspond with their host instrument. The Company records the fair value of the remaining embedded derivative at each unaudited consolidated balance sheet date and records the change in the fair value of the remaining embedded derivative as other income or expense in the unaudited consolidated statements of operations.

Fair Value Measurements

Fair value is defined as the price that would be received for an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. When determining the fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. The following summarizes the three levels of inputs required to measure fair value, of which the first two are considered observable and the third is considered unobservable:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Certain assets and liabilities are required to be recorded at fair value on a recurring basis. The Company adjusts contingent consideration resulting from a business combination, derivative financial instruments and warrant liabilities to fair value on a recurring basis. Certain long-lived assets may be periodically required to be measured at fair value on a nonrecurring basis, including long-lived assets that are impaired. The fair value for other assets and liabilities such as cash, restricted cash, accounts receivable, receivables reserved for users, other receivables, prepaid expenses and other current assets, accounts payable and accrued expenses, and liabilities to customers have been determined to approximate carrying amounts due to the short maturities of these instruments. The fair value of the long-term debt and lease liabilities approximate their carrying value based on current interest and discount rates.

Earnings Per Share

Basic income (loss) per share is calculated using the two-class method. Under the two-class method, basic income (loss) is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period excluding the effects of any potentially dilutive securities. Diluted income (loss) per share is computed similar to basic income (loss) per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if potential common shares had been issued if such additional common shares were dilutive. Diluted income (loss) per share includes the effect of potential common shares, such as the Company's preferred stock, notes, warrants and stock options, to the extent the effect is dilutive. As the Company had net losses attributable to common stockholders for all the periods presented, basic and diluted loss per share are the same, and additional potential common shares have been excluded, as their effect would be anti-dilutive.

The following securities were excluded from weighted average diluted common shares outstanding for year ended June 30, 2024 and 2023 because their inclusion would have been antidilutive:

	June 30, 2024	June 30, 2023
Common Stock options	69	77
Common Stock warrants	4,938	4,938
Common Stock issuable on 10% Series A cumulative redeemable convertible preferred stock	22	21
Common Stock issuable on conversion of Series C convertible preferred stock	6,360,533	34,853
Common Stock issuable on conversion of Series D convertible preferred stock	3,410,846	10,211
Common Stock issuable on conversion of Series D convertible preferred stock issuable from exercise of Series D preferred stock warrants issued in the Series D convertible preferred stock offering	7,706,094	10,123
Total	17,482,502	60,223

The table includes the number of shares of Common Stock potentially issuable upon a conversion of the 10% Series A cumulative redeemable convertible preferred stock, Series C Convertible Preferred Stock (the "Series C Preferred Stock"), and Series D Convertible Preferred Stock (the "Series D Preferred Stock") into shares of Common Stock. The table also includes any shares of Common Stock that would be issuable upon conversion of the Series D Preferred Stock issuable upon exercise of the preferred warrants issued in the Series D Preferred Stock offering. The conversion price used to estimate the number of Common Stock issuable for the Series C Preferred Stock, Series D Preferred Stock and Common Stock issuable on conversion of Series D Preferred Stock issuable from exercise of Series D Preferred Stock warrants (the "Series D Preferred Warrants"), was 90% of the Company's Closing Price of $0.62 on June 30, 2024.

Comprehensive Loss

Comprehensive loss consists of the net loss for the year and foreign currency translation adjustments related to the effect of foreign exchange on the value of assets and liabilities. The net translation loss for the year is included in the consolidated statements of comprehensive loss.

Foreign Currency

The functional currencies of the Company include the U.S. dollar and Euro. The reporting currency of the Company is the U.S. dollar. Assets and liabilities of the Company's foreign operations with functional currencies other than the U.S. dollar are translated at the exchange rate in effect at the unaudited consolidated balance sheet date, while revenues and expenses are translated at average rates prevailing during the periods. Translation adjustments are reported in accumulated other comprehensive loss, a separate component of stockholders' equity. Transaction gains and losses arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency. The Company recorded a foreign exchange transaction loss for the years ended June 30, 2024 and 2023 of $401,252 and $108,175, respectively. Transaction gains and losses are reported within other non-operating income (loss), net, on the unaudited consolidated statements of operations.

Stock-based Compensation

The Company periodically issues stock-based compensation to employees, directors, contractors and consultants for services rendered. Stock-based compensation granted to employees and non-employee directors includes grants of restricted stock and employee stock options that are measured and recognized based on their fair values determined on the grant date. The award of restricted stock and stock options, which are generally time vested, are measured at the grant date fair value and charged to earnings on a straight-line basis over the vesting period. The fair value of stock options is determined utilizing the Black-Scholes option-pricing model, which is affected by several variables, including the risk-free interest rate, the expected dividend yield, the expected life of the equity award, the exercise price of the stock option as compared to the fair market value of the Common Stock on the grant date, and the estimated volatility of the Common Stock over the term of the equity award. The fair value of restricted stock is determined by the closing market price of the Company's Common Stock on the date of grant. The compensation cost for service-based stock options granted to consultants is measured at the grant date, based on the fair value of the award, and is expensed on a straight-line basis over the requisite service period (the vesting period of the award).

Sales and Marketing

Sales and marketing expenses are comprised primarily of advertising costs that include online search advertising and placement, including advertising with affiliates for the online betting and casino operations, as well as other promotional expenses paid to third parties, including expenses related to sponsorship agreements. Sales and marketing expense for the years ended June 30, 2024 and 2023 was $2,233,912 and $5,946,697, respectively.

Revenue and Cost Recognition

The revenue of the Company is currently generated from online casino and sports betting (referred to herein as "EEG iGaming revenue"), and esports revenue (referred to herein as "EEG Games Revenue"), consisting of the sales of subscriptions to access cloud-based software used by independent operators of game centers, and from hardware and equipment sales, consulting and data analytic services provided to game operators ("EEG Games Esports and Other Revenue"), and in the previous year from the provision of esports event and team management services ("EEG Games Esports Event Management and Team Service Revenue"). The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 606 – *Revenue from Contracts with Customers* ("ASC 606") when control of a product or service is transferred to a customer. The amount of revenue is measured at the transaction price, or the amount of consideration that the Company expects to receive in exchange for transferring a promised good or service. The transaction price includes estimates of variable consideration to the extent that it is probable that a significant reversal of revenue recognized will not occur.

Revenue generating activities of the Company may be subject to value added tax ("VAT") in certain jurisdictions in which the Company operates. Revenue is presented net of VAT in the unaudited consolidated statements of operations.

VAT receivables and VAT payables are included in other receivables and accounts payable and accrued expenses, respectively on the unaudited consolidated balance sheets. Sales to customers do not have significant financing components or payment terms greater than 12 months.

EEG iGaming Revenue

EEG iGaming revenue is derived from the placement of bets by end-users, also referred to as customers, through online gaming sites. The transaction price in an iGaming contract, or Net Gaming Revenue ("NGR"), is the difference between gaming wins and losses, as further reduced by any nondiscretionary incentives awarded to the customer. Gaming transactions involve four performance obligations, namely the settlement of each individual bet, the honoring of discretionary incentives available to the customer through loyalty reward programs, the award of free spin and deposit match bonuses, and the winning of a casino jackpot. The total amount wagered by a customer is commonly referred to as the win or Gross Gaming Revenue ("GGR"). The GGR is allocated to each performance obligation using the relative standalone selling price determined for iGaming contracts.

Revenue recognition for individual wagers is recognized when the gaming occurs, as such gaming activities are settled immediately. The revenue allocated to incentives, such as loyalty points offered through a rewards program, is deferred and recognized as revenue when the loyalty points are redeemed. Revenue allocated to free spins and deposit matches, referred to as bonuses, are recognized at the time that they are wagered. Jackpots, other than the incremental progressive jackpots, are recognized at the time they are won by customers. The Company applies a practical expedient by accounting for its performance obligations on a portfolio basis as iGaming contracts have similar characteristics. The Company expects the application of the revenue recognition guidance to a portfolio of iGaming contracts will not materially differ from the application of the revenue recognition guidance on an individual contract basis.

The Company evaluates bets that its users place on websites owned by third party brands in order to determine whether it may recognize revenue on a gross basis, when acting as the principal provider of the wagering service, or on a net basis, when acting as an intermediary or agent. The principal in a wagering service involving a third party is generally the entity that controls the wagering service such that it has a right to the services being performed by the third party and can direct the third party in delivery of the service to its users. The Company records revenue on a gross basis as it has determined it is the principal in transactions involving third parties, such as revenue sharing arrangements, as it controls the wagering service being offered to the users such that it has a right to the service performed by third parties and can further direct third parties in providing services to users. The Company further records expenses related to its revenue sharing arrangements and other third-party iGaming expenses within costs of revenue in the unaudited consolidated statements of operations.

EEG Games Revenue

EEG Games Esports and Other Revenue

The Company derives revenue from sales of subscriptions to access cloud-based software used by independent operators of game centers, as well as from consulting services provided to game operators. The revenue derived from the sale of subscription services to cloud-based software used by game centers is recognized over the term of the contract, using the input method of time lapsed to measure the progress toward satisfying the performance obligation, which generally can range from one month to five years in duration, beginning on the date the customer is provided access to the Company's hosted software platform. Maintenance services are recognized over time, using the input method as services are performed.

The Company further provides hardware and equipment sales and consultation services related to the use of hardware and equipment for gaming operations together with implementation services that include sourcing, training, planning, and installation of technology. The Company considers services related to hardware and equipment sales and implementation, as separate performance obligations. Revenue for hardware and equipment sales and implementation are recognized at a point in time upon satisfaction of the performance obligation when the customer obtains control.

Contracts that contain multiple performance obligations require an allocation of the transaction price to each distinct performance obligation based on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account the Company's overall pricing objectives, considering market conditions and other factors, including the value of the deliverables in the contracts, customer demographics, geographic locations, and the number and types of users within the contracts. The Company does not have any significant financing components or significant payment terms in its contracts.

EEG Games Esports Event Management and Team Service Revenue

The Company derived revenue from esports event management and team services prior to the sale of EGL on June 30, 2023. Esports event management services supported the creation, production and delivery of an esports event by providing event staffing, gaming consoles, and other technical goods and services for a customer event that is either hosted live in person or online. The revenue generated from esports event management services was generally earned on a fixed fee basis per event.

The esports team services offerings of the Company included recruitment and management services were offered to sports clubs to facilitate their entrance into esports tournament competition. Team services were provided to a customer may include player recruitment, administration of player contracts, processing of tournament admission, providing logistical arrangements, as well as providing ongoing support to the team during the event. Team services were earned on a fixed fee basis per tournament.

Esports event management and team services revenues were recognized over the term of the event or the relevant contractual term for services as this method best depicts the transfer of control to the customer. The Company recognized revenue for event management services based on the number of days completed for the event relative to the total days of the event. Revenue from team management services was recognized from inception of the contract through the end of the tournament using the number of days completed relative to the total number of days in the contract term. Revenue collected in advance of the event management or team services was recorded as deferred revenue on the unaudited consolidated balance sheets. The Company also could enter into profit sharing arrangements which were determined based on the net revenue earned by the customer for an event in addition to a fixed fee. Revenue recognition for profit sharing arrangements was recognized at the time the revenue from the event is determined, which is generally at the conclusion of the event. An event or team services contract may further have required the Company to distribute payments to event or tournament attendees resulting in the recognition of a processing fee by the Company. The Company did not recognize revenue from the processing of payments until the conclusion of the event or tournament.

The Company evaluated the service being provided under an esports event and team services contract to determine whether it should recognize revenue on a gross basis as the principal provider of the service, or on a net basis in a manner similar to that of an agent. The Company has determined that for esports event and team services contracts that allow for the assignment of individual tasks to a third-party contractor, the Company acted as the principal provider of the service being offered to the customer as it remains primarily responsible for fulfilling the contractual promise to the customer. In profit sharing arrangements, such as events that allow for the Company to share in the revenue earned by a customer for an event, the Company had determined it acted in the role of an agent to the customer as the event creator. The Company also determined it acted as an agent when it collected a processing fee for performing the service of distributing prize money on behalf of its customers to event or tournament winners.

Liabilities to customers

The Company records liabilities to customers, also referred to as player liabilities, for the amounts that may be withdrawn by a player at a given time. The player liabilities include player deposits, bonuses or incentive awards and user winnings less withdrawals, tax withholdings and player losses. The Company maintains a restricted cash balance and player deposits held by third parties, recorded as receivables reserved for users on the unaudited consolidated balance sheets, at levels equal to or exceeding its liabilities to customers.

Contract Liabilities

Certain player liabilities include amounts consisting of a free spin bonus and a deposit match bonus, and the player reward liabilities. The free spin bonus provides the user the opportunity to a free play, or otherwise spin, on an iGaming casino slot machine without withdrawing a bet amount from the player's account. The deposit match bonus matches a player's deposit up to a certain specified percentage or amount. These bonuses represent consideration payable to a customer and therefore are treated as a reduction of the transaction price in determining NGR. The Company also offers non-discretionary loyalty rewards points to customers that can be redeemed for free play or cash. The Company allocates revenue from wagers to loyalty points rewards earned by users, thereby deferring a portion of revenue from users that participate in a loyalty reward program. The amount of revenue deferred related to loyalty points available to users is based on the estimated fair value of the loyalty point incentive available to the user.

The Company records deferred revenue for payments received in advance of performance obligations being completed related to its sale of subscription services to cloud-based software used by customers, including maintenance and for hardware and equipment.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The amendments included in ASU 2016-13 require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Although the new standard, known as the current expected credit loss ("CECL") model, has a greater impact on financial institutions, most other organizations with financial instruments or other assets (trade receivables, contract assets, lease receivables, financial guarantees, loans and loan commitments, and held-to-maturity (HTM) debt securities) are subject to the CECL model and will need to use forward-looking information to better evaluate their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. The Company adopted this standard as of July 1, 2023. The adoption of this guidance did not have a material impact on the accompanying unaudited consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities in accordance with Accounting Standards Codification Topic 606. The Company adopted this standard as of July 1, 2023. The adoption of this guidance did not have a material impact on the accompanying unaudited consolidated financial statements.

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-09, *Income Taxes—Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 modifies the rules on income tax disclosures to enhance the transparency and decision-usefulness of income tax disclosures, particularly in the rate reconciliation table and disclosures about income taxes paid. The amendments are intended to address investors' requests for income tax disclosures that provide more information to help them better understand an entity's exposure to potential changes in tax laws and the ensuing risks and opportunities and to assess income tax information that affects cash flow forecasts and capital allocation decisions. The guidance also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. ASU 2023-09 is effective for public business entities for annual periods beginning after December 15, 2024. All entities are required to apply the guidance prospectively but have the option to apply it retrospectively. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its unaudited consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), to improve reportable segment disclosures. The guidance expands the disclosures required for reportable segments in annual and interim consolidated financial statements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its unaudited consolidated financial statements.

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that the Company adopts as of the specified effective date. The Company does not believe that the impact of recently issued standards that are not yet effective will have a material impact on the Company's financial position or results of operations upon adoption.

Note 3 – Disposals, Acquisitions and Related Items

Sale of Bethard Business

On February 24, 2023, (the "Bethard Closing Date"), the Company, pursuant to a stock purchase agreement (the "Purchase Agreement") dated February 14, 2023 with Gameday Group PLC, a Malta company ("Purchaser"), completed the divestiture of Prozone Limited, a Malta company containing the online casino and sportsbook business, including the Bethard brand (the "Bethard Business"), that was licensed in Malta and Sweden (together, the sale of Prozone Limited with the Bethard Business herein referred to as the "Sale of the Bethard Business"). The purchase consideration was determined by the Company to be $8,090,965 comprised of cash received on the Closing date of €1,650,000 ($1,739,882 using exchange rates in effect on the Closing Date), holdback consideration, of €150,000 ($158,171 using exchange rates in effect on the Closing Date) and the Company's settlement of its contingent consideration liability of €5,872,989 ($6,192,912 using exchange rates in effect on the Closing Date) that had originated from its acquisition of the Bethard Business on July 13, 2021. The Purchaser further assumed net working capital of the Bethard Business consisting primarily of accounts payable and accrued liabilities estimated to be €1,238,552 ($1,306,021 using exchange rates at the Closing Date). During the year ended June 30, 2023, the Company recognized a loss on disposal of the Bethard Business of $7,735,724.

On February 16, 2023, the Company entered into an Amendment and Waiver Agreement ("Amendment") with the holder of the Senior Convertible Note (the "Holder") as a condition to the closing of the sale of the Bethard Business. The Amendment required the Company to deposit 50% of the proceeds from the Sale of the Bethard Business in a bank account in favor of the Holder. The Amendment required the Company to deposit 50% of the proceeds of any permitted future sale of assets or any subsequent debt or equity offer or sale (a "Securities Transaction") and 100% of the proceeds of any additional indebtedness incurred in the future, into such bank account in favor of the Holder, or, at the option of the Holder, redeem amounts under the Senior Convertible Note using such proceeds. 50% of the proceeds received from the Sale of the Bethard Business, were deposited into a bank account in favor of the Holder.

The Amendment also modified the Senior Convertible Note to increase the principal balance by $2,950,000, for fees of $450,000 and converted accrued liabilities of $2,500,000. The Amendment further provided for a voluntary reduction in the Conversion Price (as defined in the Senior Convertible Note) when, among other things, the Company issues or is deemed to issue Common Stock in a future registered offering at a price below the Conversion Price then in effect, to the lower issuance price in such offering, subject to certain exceptions. The Amendment also provided rights to the Holder to participate in future Securities Transactions for a period of two years from the later of the date of the Amendment and the date that no payment amounts due to the Holder remain outstanding.

During October 2022, the Company entered into a separate amendment to the Bethard SPA where it agreed to pay €6,535,753 (equivalent to $6,891,782 using exchange rates at February 24, 2023 the date of disposal of the Bethard Business) through installments equal to 12% of net gaming revenue until the Company has paid the balance or the Company spends €13,120,000 in marketing costs (equivalent to $13,834,699 using exchange rates at February 24, 2023 the date of disposal of the Bethard Business). On February 24, 2023, the contingent liability was settled as part of the disposal of the Bethard Business. During the year ended June 30, 2023, the Company recognized a loss of $2,864,551, in the change in fair value of contingent consideration in the unaudited consolidated statement of operations.

Sale of Spanish iGaming Operations

On January 18, 2023, the Company sold its Spanish iGaming operations, including its Spanish iGaming license. The Company received approximately $1,200,000 in proceeds and $1,000,000 in cash from the return of a deposit held with the Spanish regulator. Sixty-five percent (65%) of the proceeds and cash received were remitted to the Holder as required by the waiver obtained for the sale. During the year ended June 30, 2023, the Company recognized a gain on disposal of the Spanish iGaming operations of $1,114,992.

Closure of Argyll and vie.gg

On November 10, 2022, the Company determined that it would close down its licensed remote gambling operation in the UK market. On November 15, 2022, as part of the winding down of the Argyll UK iGaming operations, players were informed that they would no longer be able to place bets from November 30, 2022 and that they could withdraw their balances through December 7, 2022. On December 8, 2022 Argyll UK surrendered its UK license and the surrender was confirmed by the UK Gambling Commission (the "UKGC") on December 9, 2022. Between December 7, 2022 and December 14, 2022 Argyll UK attempted to refund customer accounts that still had remaining balances. On March 3, 2023, the Company's Board of Directors (the "Board") determined that the Company's wholly-owned subsidiary, Argyll Entertainment, the Company's Swiss entity that is part of Argyll UK, would be liquidated. The Swiss courts declared Argyll Entertainment bankrupt on March 27, 2023, at which point the Company lost control of Argyll Entertainment and, as a result, deconsolidated the entity. The Company further liquidated and deconsolidated wholly-owned subsidiary, Argyll Productions, on June 9, 2023. The Company had previously fully impaired the goodwill, intangible assets and other long-lived assets of Argyll UK in the fiscal year ended June 30, 2022. During the year ended June 30, 2023, the Company recognized a gain on disposal of $2,151,862 for Argyll Entertainment and $610,643 for Argyll Productions, in loss on disposal of businesses in the unaudited consolidated statement of operations.

Since the acquisition and through disposal of the Argyll businesses, the Company has responded to periodic requests for information from the UKGC in relation to information required to maintain its UK license following the change of corporate control. There were no adverse judgments imposed by the UKGC against the Company.

On October 28, 2022, the Company determined that it would close down its vie.gg New Jersey operations and exit its transactional waiver from the New Jersey Division of Gaming Enforcement. The exit of the transactional waiver is complete and this did not have a material adverse effect on our results of operations.

Exit of EGL business

On June 30, 2023, the Company sold its EGL business, a provider of online tournaments (through the EGL tournament platform) to a member of the EGL management team for $250,000. The exit of EGL did not have a material adverse effect on our results of operations. During the year ended June 30, 2023, the Company recognized a gain on disposal of $361,006 for EGL, in loss on disposal of businesses in the unaudited consolidated statement of operations.

Note 4 – Other Receivables

The components of other receivables are as follows:

	June 30, 2024	June 30, 2023
Indirect taxes	$ 172,992	$ 21,024
Other	30,823	476,579
Other receivables	$ 203,815	$ 497,603

Note 5 – Prepaid Expenses and Other Current Assets

The components of prepaid expenses and other current assets are as follows:

	June 30, 2024	June 30, 2023
Prepaid marketing costs	$ 31,949	$ 53,365
Prepaid insurance	32,102	265,974
Prepaid gaming costs	44,481	375,082
Other	79,559	11,609
Prepaid expenses and other current assets	$ 188,091	$ 706,030

Note 6 – Equipment

The components of equipment are as follows:

	June 30, 2024	June 30, 2023
Computer equipment	$ -	$ 36,630
Furniture and equipment	-	35,943
Equipment, at cost	-	72,573
Accumulated depreciation	-	(52,560)
Equipment, net	$ -	$ 20,013

Depreciation expense was $8,757 and $26,404 for the years ended June 30, 2024 and 2023, respectively. All Equipment depreciation expense was for the EEG iGaming segment.

During the year ended June 30, 2024, the Company recognized a total impairment charge of $13,192 on its Equipment long-lived assets. All Equipment asset impairment charges were for the EEG iGaming segment. There were no impairment charges on Equipment long-lived assets identified for the year ended June 30, 2023.

Note 7 – Goodwill and Intangible Assets

A reconciliation of goodwill and accumulated goodwill impairment losses, by reportable segment, is as follows:

	EEG iGaming	EEG Games	Total
Balance as of July 1, 2022			
Goodwill, gross	23,513,357	25,734,587	49,247,944
Accumulated goodwill impairment charges	(3,852,876)	(23,119,755)	(26,972,631)
Goodwill, net	19,660,481	2,614,832	22,275,313
Goodwill disposed of during the year	(2,116,882)	-	(2,116,882)
Effects of foreign currency exchange rates	467,793	-	467,793
Impairment charges	(14,500,000)	(1,635,000)	(16,135,000)
Balance as of June 30, 2023			
Goodwill, gross	9,441,453	11,445,832	20,887,285
Accumulated goodwill impairment charges	(5,930,062)	(10,466,000)	(16,396,062)
Goodwill, net	$ 3,511,391	$ 979,832	$ 4,491,223
Goodwill disposed of during the year	-	-	-
Effects of foreign currency exchange rates	44,949	-	44,949
Impairment charges	(3,556,340)	(979,832)	(4,536,172)
Balance as of June 30, 2024			
Goodwill, gross	9,486,402	11,445,832	20,932,234
Accumulated goodwill impairment charges	(9,486,402)	(11,445,832)	(20,932,234)
Goodwill, net	$ -	-	-

At December 31, 2023, the Company concluded that impairment indicators existed considering that the Company delisted from Nasdaq, had management changes in the EEG iGaming segment and continued to see revenues decline in the EEG iGaming segment and the revenues were significantly down from levels seen in the previous year and EEG Games segment was not performing at the level previously expected. This, along with the decline in the Company's stock price and other factors were determined to be a triggering event and the long-lived assets of the Company were quantitatively tested for impairment.

The Company performed its impairment tests on its long-lived assets, including its definite-lived intangible assets using an undiscounted cash flow analysis to determine if the cash flows expected to be generated by the asset groups over the estimated remaining useful life of the primary assets were sufficient to recover the carrying value of the asset groups, which were determined to be at the business component level. Based on the circumstances described above during the year ended June 30, 2024, the Company determined that the EEG Games asset group was recoverable under the undiscounted cash flow recoverability test but the EEG iGaming asset group was not recoverable. Accordingly, the Company estimated the fair value of its EEG iGaming individual long-lived assets to determine if any asset impairment charges were present. The Company's estimation of the fair value of the definite-lived intangible assets considered the current results and impacts from the delisting from Nasdaq and the Company concluded that the fair values of the EEG iGaming intangibles were no longer recoverable and at December 31, 2023, recognized impairment totaling $1,380,280 for tradename, $2,546,981 for developed technology and software, $4,252,423 for player relationships and $252,094 for internal-use software, totaling $8,431,778 in asset impairment charges in the unaudited consolidated statements of operations. The table below reflects the adjusted gross carrying amounts for these intangible assets.

There were no asset impairment charges for long-lived assets, including definite-lived intangible assets, for the year ended June 30, 2023. During the year ended June 30, 2023 the Company recognized loss on disposal of businesses that included $2,116,882 of goodwill for the Bethard Business.

Further, in accordance with ASC 350, for goodwill, the Company performed a goodwill impairment test, which compared the estimated fair value of each reporting unit to its respective carrying values. The estimated fair value of each reporting unit was derived primarily by utilizing a discounted cash flows analysis. The results of the impairment test performed as of December 31, 2023, indicated that the carrying value of the iGaming and GGC reporting units exceeded their estimated fair values determined by the Company. At December 31, 2023, the Company recognized goodwill impairments of $3,556,340 for the iGaming Malta reporting unit, in the EEG iGaming segment, and $979,832 for the GGC reporting unit, in the EEG Games segment, totaling $4,536,172 in asset impairment charges in the unaudited consolidated statements of operations. This impaired all the remaining goodwill of the Company.

Similarly, in the prior fiscal year, at December 31, 2022, the Company recognized goodwill impairments of $14,500,000 for the iGaming Malta reporting unit, in the EEG iGaming segment, and goodwill of $1,635,000 for the GGC reporting unit, in the EEG Games segment, totaling $16,135,000 in asset impairment charges in the unaudited consolidated statements of operations.

In total, as described in detail above, the Company recorded $12,967,950 of goodwill and intangible asset impairment charges for the year ended June 30, 2024, and $16,135,000 of goodwill asset impairment charges for the year ended June 30, 2023.

The assumptions used in the cost and undiscounted and discounted cash flow analyses require significant judgment, including judgment about appropriate growth rates, and the amount and timing of expected future cash flows. The Company's forecasted cash flows were based on the current assessment of the markets and were based on assumed growth rates expected as of the measurement date. The key assumptions used in the cash flows were revenue growth rates, operating expenses and gross margins and the discount rates in the discounted cash flows. The assumptions used consider the current growth stage of the Company. The industry markets are currently at volatile levels and future developments are difficult to predict. The Company believes that its procedures for estimating future cash flows for each reporting unit, asset group and intangible asset are reasonable and consistent with current market conditions as of the testing date. If the markets that impact the Company's business continue to deteriorate, the Company could recognize further long-lived asset impairment charges.

The table below reflects the adjusted gross carrying amounts for these intangible assets. The intangible amounts comprising the intangible asset balance are as follows:

	June 30, 2024			June 30, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Tradename	$ 900,333	$ (220,991)	$ 679,342	$ 2,801,963	$ (566,501)	$ 2,235,462
Developed technology and software	3,400,333	(1,836,181)	1,564,152	9,240,018	(3,757,061)	5,482,957
Gaming licenses	-	-	-	724,431	(724,431)	-
Player relationships	333,334	(180,008)	153,326	10,022,587	(4,621,655)	5,400,932
Internal-use software	-	-	-	226,438	(21,162)	205,276
Total	$4,634,000	$ (2,237,180)	$2,396,820	$23,015,437	$ (9,690,810)	$13,324,627

During the year ended June 30, 2024, the Company recorded amortization expense for its intangible assets of $2,663,589. The amortization for EEG iGaming segment was $1,669,287, and for the EEG Games segment was $994,302, for the year ended June 30, 2024, respectively. During the year ended June 30, 2023, the Company recorded amortization expense for its intangible assets of $6,449,390. The amortization for EEG iGaming segment was $5,455,088, and for the EEG Games segment was $994,302, for the year ended June 30, 2023, respectively.

The estimated future amortization related to definite-lived intangible assets is as follows:

Fiscal 2025	$	994,298
Fiscal 2026		919,617
Fiscal 2027		98,218
Fiscal 2028		98,218
Thereafter		286,469
Total	$	2,396,820

Note 8 – Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses are as follows:

	June 30, 2024	June 30, 2023
Trade accounts payable	$ 4,560,945	$ 4,469,927
Accrued marketing	2,449,847	1,054,085
Accrued payroll and benefits	389,444	298,636
Accrued gaming liabilities	83,406	145,393
Accrued professional fees	607,274	286,314
Accrued jackpot liabilities	-	91,892
Accrued legal settlement (Note 11)	150,000	-
Accrued other liabilities	783,069	759,947
Total	$ 9,023,985	$ 7,106,194

Note 9 – Related Party Transactions

The Company's Chief Executive Officer owns less than 5% of Oddin.gg, a vendor of the Company, that was owed $0 and $47,895 by the Company as of June 30, 2024 and June 30, 2023, respectively. The Company incurred no cost of revenue to Oddin.gg for the year ended June 30, 2024 and $72,107 cost of revenue for the year ended June 30, 2023. On October 3, 2023, the Company signed an agreement to integrate the Oddin.gg esports iFrame solution that is expected to allow the Company to offer esports wagering to its iGaming customers. The integration of the Oddin.gg's esports iFrame solution has been completed by the Company. The agreement requires the Company to pay Oddin.gg a revenue share based on the net gaming revenues generated from esports wagering.

The Company reimbursed the former Chief Executive Officer for office rent and related expenses. The Company incurred no charges to the former Chief Executive Officer for office expense reimbursement for the year ended June 30, 2024. The Company incurred charges owed to the former Chief Executive Officer for office expense reimbursement of $2,400 for the year ended June 30, 2023. As of June 30, 2024 and 2023, there were no amounts payable to the former Chief Executive Officer.

On May 4, 2017, the Company entered into a services agreement and a referral agreement with Contact Advisory Services Ltd., an entity that is partly owned by a member of the Board of Directors. The Company incurred general and administrative expenses of approximately $30,000 for the year ended June 30, 2024, and approximately $18,500 for the year ended June 30, 2023, in accordance with these agreements. As of June 30, 2024 and June 30, 2023, there was approximately $2,000 and approximately $12,700 amounts payable to Contact Advisory Services Ltd, respectively.

The Company's Chief Operating Officer was previously its former Chief Financial Officer and Chief Operating Officer and for his services as the former Chief Financial Officer and Chief Operating Officer was previously retained through a consultancy agreement dated April 2, 2022 and an employment agreement dated April 2, 2022. The Company remitted monthly payments to its former Chief Financial Officer of NZD 36,995 ($23,524 translated using the exchange rate in effect at June 30, 2022) under the consultancy agreement and $500 per month under the employment agreement. In connection with this appointment the Company provided a one-time issuance of 5 shares of Common Stock to the former Chief Financial Officer and Chief Operating Officer. The former Chief Financial Officer and Chief Operating Officer resigned from his roles on December 31, 2022, and the consultancy agreement and employment agreement were terminated. He later rejoined the Company as the Chief Operating Officer on May 29, 2023 under a new employment agreement and subsequently resigned from his position as Chief Operating Officer, effective April 30, 2024, and resigned from his position as a member of the Company's Board of Directors, effective August 6, 2024.

Note 10 – Debt

Secured Note Purchase Agreement and Secured Note

On March 7, 2024, the Company entered into an agreement (the "Secured Note Purchase Agreement") and a Secured Promissory Note Agreement (the "Secured Note Agreement"), with the holder of its Series C Preferred Stock and Series D Preferred Stock (the "Holder" same as the holder of the Senior Convertible Note), pursuant to which the Company issued the Holder a secured promissory note for approximately $1,420,000 (the "Secured Note"), including $15,000 of issuance costs. The key terms of the Secured Note Agreement include:

- Security of the Secured Note by a first priority security interest in all of the Company's tangible and intangible personal property;

- A maturity date of March 7, 2026;

- Accrued interest to the outstanding principal balance of the Secured Note at a rate of 10% per annum. All interest shall be payable quarterly in-kind by adding the amount of accrued interest to the outstanding principal balance of the Secured Note on the last Business Day of each calendar quarter.

If an event of default occurs, including, failure to pay, breach of representatives and warranties, bankruptcy, breach of covenants described in the Secured Note, commencement of proceeding by the Company against the Holder, as defined in the Secured Note Agreement occurs, the Holder can declare the entire principal amount and all accrued and unpaid interest and all other amounts payable, immediately due and payable, and the amount to be collected may be subject to a 12.0% per annum default rate.

The Secured Note Purchase Agreement contains representations of the parties that are generally customary of this type of transaction. The Company also agreed to indemnify the Holder of the Secured Note for certain matters described in the Secured Note Purchase Agreement.

Interest expense on the Secured Note for the year ended June 30, 2024 was $47,242, including $44,867 payable in-kind interest and $2,375 amortization of the issuance costs.

Components of Long-Term Debt

The components of the Company's long-term debt follows:

	June 30, 2024	June 30, 2023
Current portion of long-term debt, net of issuance costs	$ -	$ -
Long-term debt, net of issuance costs	1,452,242	-
Total	$ 1,452,242	$ -

The maturities of long-term debt are as follows:

Fiscal 2025	$ -
Fiscal 2026	1,464,867
Fiscal 2027	-
Fiscal 2028	-
Fiscal 2029	-
Total payments	$ 1,464,867
Less: deferred issuance costs	(12,625)
Value of long-term debt	1,452,242

Senior Convertible Note

In the year ended June 30, 2022, on February 22, 2022, the Company exchanged the existing senior convertible note (the "Old Senior Convertible Note") with a remaining principal of $29,150,001, with the Senior Convertible Note in the aggregate principal of $35,000,000.

On September 19, 2022 as part of the Company's September 2022 Offering (defined below) of shares of Common Stock and warrants to purchase Common Stock, the Company remitted to the Holder an amount of $2,778,427 from the proceeds reducing the Senior Convertible Note principal balance to $32,221,573.

On December 19, 2022, as part of the Registered Direct Offering (Note 14) the Company paid the Holder an amount equal to $1,073,343 for interest due and interest prepaid through February 28, 2023.

On January 27, 2023, the Company received the written consent of the Holder to lower the conversion price of the Senior Convertible Note to 90% of the lowest volume-weighted average price ("VWAP") (as defined in the Senior Convertible Note) of the Common Stock for a trading day during the five (5) consecutive trading day period ending, and including, the applicable date that the conversion price is lowered for purposes of a conversion, in accordance with Section 7(g) of the Senior Convertible Note (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations and similar events during such measuring period) until further written notice to the Holder from the Company. From January 27, 2023 through April 28, 2023, the date of the Senior Convertible Note was converted to Series C Preferred Stock, pursuant to the debt for equity exchanges, and after increasing the Senior Convertible Note by $2,950,010, for fees of $450,010 and converted accrued liabilities of $2,500,000 pursuant to the Amendment dated February 16, 2023 related to the sale of the Bethard Business, the Holder exchanged $19,261,583 in aggregate principal amount of the Senior Convertible Note for an aggregate of 5,603 shares of our Common Stock, at the lowered conversion prices (the "Exchanges") and recorded a loss on extinguishment of the Senior Convertible Note of $3,616,372 related to the conversions. Following the Exchanges and the impact of the Amendment, $15,910,000 in aggregate principal amount of the Senior Convertible Note remained outstanding until April 28, 2023, when it was converted to the Series C Preferred Stock.

On April 19, 2023, the Company redeemed $679,976 of the $15,910,000 previously outstanding on the Senior Convertible Note following the Exchanges and the impact of the Amendment and Exchanges, using funds from the Sale of the Bethard Business deposited in a bank account in favor of the Holder. On April 19, 2023, using these funds, the Company paid $750,000 to the Holder, to redeem the $679,976, and settle the related redemption premium of $51,450 and accrued interest of $168,574, with the additional $150,000 owed being paid on May 1, 2023.

Further, on April 28, 2023, the Company closed on an agreement with the Holder to convert the remaining outstanding $15,230,024 into the Series C Preferred Stock.

The conversion of the Senior Convertible Note into the Series C Convertible Preferred Stock extinguished the Senior Convertible Note and the remaining related debt liability outstanding of $15,230,024 and further eliminated the related derivative liability. As of June 30, 2023, the derivative liability was extinguished and $1,963,906 was recognized as a gain offsetting the loss on extinguishment of senior convertible note recorded in the unaudited consolidated statement of operations.

Senior Convertible Note Make-Whole Derivative Liability

Prior to the conversion of the Senior Convertible Note into the Series C Preferred Stock on April 28, 2023, the make-whole provision in the Senior Convertible Note was a derivative liability. This considered that the Company had obtained debt waivers from the Holder for its breaches of debt covenants. The Company's historical stock price had also traded at levels significantly in excess of the Conversion Floor Price.

On April 28, 2023, the date of the conversion of the Senior Convertible Note into the Series C Preferred Stock the Senior Convertible Note derivative liability was eliminated and no balance is recorded in the unaudited consolidated balance sheet at June 30, 2024 and June 30, 2023, related to Senior Convertible Note derivative liability. No amounts were recognized in the year ended June 30, 2024 due to the elimination of the Senior Convertible Note derivative liability. The Company recognized a change in fair value on the Senior Convertible Note derivative liability of a gain of $7,435,687 in the unaudited consolidated statement of operations for the year ended June 30, 2023.

Series C Convertible Preferred Stock and Series D Convertible Preferred Stock Make-Whole Derivative Liability Warrants

The Company assesses classification of its equity-linked instruments at each reporting date to determine whether a change in classification between equity and liabilities (assets) is required. The Company can make an accounting policy election on the allocation order and choose the policy that management determines is most favorable. The Company elected to reclassify outstanding instruments based on allocating the unissued shares to contracts with the latest inception date resulting in the contracts with the earliest inception date being recognized as liabilities first. Due to the issuances of shares during the year ended June 30, 2024, and the lack of authorized and unissued shares available, the Company was required to assess its classification of its equity instruments during this period. On December 5, 2023 the Company determined it did not have enough authorized and unissued shares to satisfy the Series C Preferred Stock and using the last contract entered into sequencing election. Due to this the amounts of the carrying amount of the Series C Preferred Stock was reclassed to Mezzanine equity in the unaudited consolidated balance sheet and the Company determined that a derivative related to the Series C conversion feature was required (the "Original Series C Derivative"). Subsequently, on the delisting from Nasdaq, the Series D Preferred Stock was reclassed to Mezzanine equity in the unaudited consolidated balance sheet and the Company determined that a separate derivative related to the Series D conversion feature was also required (the "Original Series D Derivative"). On March 7, 2024, with the amendments to the to the Series C Preferred Stock and Series D Preferred Stock Certificates of Designations, the Company determined that a compound derivative related to the conversion features and certain triggering events was required for the Series C Preferred Stock (the "New Series C Derivative") and the Series D Preferred stock (the "New Series D Derivative"), (the New Series C Derivative and the New Series D Derivative are together referred to as the "New Derivatives") and the Original Series C Derivative and the Original Series D Derivative were extinguished. The New Series C Derivative, the New Series D Derivative, and before extinguishment, the Original Series C Derivative and the Original Series D Derivative were recorded at fair value using a Monte-Carlo method with assumptions that fluctuate based on the Company's share price, market capitalization, assets carrying value, and the Company's estimates of the discount rate, risk-free rate, remaining term of the conversion features and credit and non-performance risk. The valuation of Original Series C Derivative and the Original Series D Derivative and the New Derivatives are derived from techniques which utilize inputs, certain of which are significant and unobservable, that result in classification as Level 3 fair value measurements. A liability of $1,820,000 was recorded on December 5, 2023 on the initial recognition the Original Series C Derivative. The fair value of the Original Series C Derivative on

March 7, 2024 was $2,663,586, resulting in a loss of $843,586 (Note 16) for the year ended June 30, 2024, being recorded in change in fair value of derivative liability (Note 16) in the unaudited consolidated statement of operations. The Original Series C Derivative was extinguished on March 7, 2024, with the remaining balance of $2,663,586 (Note 16) being recorded to additional paid-in capital (Note 16) in the unaudited consolidated balance sheet. On February 20, 2024, the date the Company was delisted from Nasdaq, a liability of $422,141 was recorded on the initial recognition the Original Series D Derivative. The fair value of the Original Series D Derivative on March 7, 2024 was $572,502, resulting in a loss of $150,361 (Note 16) being recorded in change in fair value of derivative liability (Note 16). The Original Series D Derivative was extinguished with the remaining balance of $572,502 (Note 16) being recorded to additional paid-in capital (Note 16) in the unaudited consolidated balance sheet. Subsequent to the amendment, on March 7, 2024, the Company recorded the fair value liability for the New Derivatives of $345,263 (Note 16), with $224,762 recorded for the New Series C Derivative and $120,501 recorded for the New Series D Derivative. The fair value of the New Derivatives on June 30, 2024 was $351,011 (Note 16), with a fair value of $228,504 for the New Series C Derivative and a fair value of $122,507 for the New Series D Derivative and the of loss $5,748 (Note 16) recorded in change in fair value of derivative liability (Note 16) in the unaudited consolidated statement of operations. The total change in fair value of derivative liability loss in the unaudited consolidated statement of operations for the year ended June 30, 2024, was $999,695.

Series D Preferred Stock Warrants

On May 22, 2023, as part of the offering to the Holder of Series D Preferred Stock, the Company issued Common Warrants to purchase 3,583 shares of our Common Stock at a price of $784 per share and preferred warrants to purchase 4,300 shares of our Series D Preferred Stock at a price of $1,000 per share.

On February 20, 2024, the last day the Company traded on Nasdaq, the Company assessed the classification of its equity-linked instruments and determined whether the Company had enough authorized and unissued shares to satisfy the Series D Preferred Warrants after consideration of the last contract entered into sequencing election. This resulted in the Series D Preferred Warrants being classified as a liability on this date. The fair value as of February 20, 2024, of the Series D Preferred Warrants was zero, due to the value of the Series C Preferred Stock and Series D Preferred Stock and related derivative liabilities and the credit and non-performance risk assumptions taken by the Company. The fair value of the Series D Preferred Warrants, as of June 30, 2024, was a liability of $625,908, with the change in fair value of warrant liability of $625,908 recorded as a loss in the unaudited consolidated statement of operations for the year ended June 30, 2024. See Note 16 for additional disclosures related to the change in the fair value of the warrant liabilities.

September 2022 Warrants

On September 19, 2022, the Company completed, an equity offering in which it sold 750 units at $10,000 consisting of one share of Common Stock and one warrant for a total of 750 September 2022 Warrants with an exercise price of $10,000 (the “September 2022 Offering”). The Company also sold a further 90 September 2022 Warrants in an overallotment with an exercise price of $10,000 issued to the underwriters of the offering on September 19, 2022.

The September 2022 Warrants may be exercised at any time after issuance for one share of Common Stock of the Company at an exercise price of $10,000. The September 2022 Warrants also contain a beneficial ownership limitation of 4.99% which may be increased up to 9.99%, provided that any such increase will not be effective until the 61st day after delivery of a notice to the Company of such increase. The warrants are not callable by the Company.

The Company determined the September 2022 Warrants should be classified as a liability as the warrants are redeemable for cash in the event of a fundamental transaction, as defined in the Warrant Agreement, pursuant to which the September 2022 Warrants were purchased, which includes a change in control. The Company has recorded a liability for the September 2022 Warrants at fair value on the issuance date with subsequent changes in fair value reflected in earnings. On September 19, 2022, the date of the Common Stock issuance, the Company determined the total fair value of the September 2022 Warrants to be $5,286,288. On June 30, 2024 and June 30, 2023, the Company determined the total fair value of the September 2022 Warrants to be $0 and $251,876, respectively. The change in fair value of the September 2022 Warrants liability recorded in the unaudited consolidated statement of operations for the year ended June 30, 2024 was a gain of $251,876. The change in fair value of the September 2022 Warrants liability recorded in the unaudited consolidated statement of operations for the year ended June 30, 2023 was a gain of $5,034,412. See Note 16 for additional disclosures related to the change in the fair value of the warrant liabilities.

March 2022 Warrants

On March 2, 2022, the Company completed the March 2022 Offering, an equity offering in which it sold 375 units at $40,000 consisting of one share of Common Stock and one warrant for a total of 375 March 2022 Warrants with an exercise price of $40,000. The Company also sold a further 56 March 2022 Warrants in an overallotment with an exercise price of $40,000 issued to the underwriters of the offering on April 1, 2022.

The March 2022 Warrants may be exercised at any time after issuance for one share of Common Stock of the Company at an exercise price of $40,000. The March 2022 Warrants are callable by the Company should the volume weighted average share price of the Company exceed $120,000 for each of 20 consecutive trading days following the date such warrants become eligible for exercise. The March 2022 Warrants also contain a beneficial ownership limitation of 4.99% which may be increased up to 9.99%, provided that any such increase will not be effective until the 61st day after delivery of a notice to the Company of such increase.

The Company determined the March 2022 Warrants should be classified as a liability as the warrants are redeemable for cash in the event of a fundamental transaction, as defined in the Common Stock Purchase Warrant Agreement pursuant to which the March 2022 Warrants were purchased, which includes a change in control. The Company has recorded a liability for the March 2022 Warrants at fair value on the issuance date with subsequent changes in fair value reflected in earnings. On March 2, 2022, the date of the Common Stock issuance, the Company determined the total fair value of the March 2022 Offering Warrants to be $9,553,500 and on the date of the Common Stock issuance, the Company determined the total fair value of the April 2022 Overallotment to be $607,500. At June 30, 2024 and June 30, 2023, the Company determined the total fair value of the March 2022 Warrants to be $13,800 and $113,850, respectively. The change in fair value of the March 2022 Warrants liability recorded in the unaudited consolidated statement of operations for the year ended June 30, 2024, was a gain of $100,050. The change in fair value of the March 2022 Warrants liability recorded in the unaudited consolidated statement of operations for the year ended June 30, 2023, was a gain of $1,956,150. See Note 16 for additional disclosures related to the change in the fair value of the warrant liabilities.

Series A and Series B Warrants

On June 2, 2021, the Company issued 50 Series A Warrants and 50 Series B Warrants (the Series B Warrants expired June 2, 2023) to the holder of the Old Senior Convertible Note. The Exchange Agreement pursuant to which the Old Senior Convertible Note was exchanged for the Senior Convertible Note, the Note to Preferred Stock Exchange Agreement (defined below in Note 13) and conversion to the Series C Preferred Stock did not impact the Series A Warrants and Series B Warrants previously issued and outstanding. The Series A Warrants may be exercised at any time after issuance for one share of Common Stock of the Company at an exercise price of $700,000. The Series A Warrants are callable by the Company should the volume weighted average share price of the Company exceed $1,300,000 for each of 30 consecutive trading days following the date such warrants become eligible for exercise. The Series A Warrants also contain a beneficial ownership limitation of 4.99% which may be increased up to 9.99%, provided that any such increase will not be effective until the 61st day after delivery of a notice to the Company of such increase.

The Company determined the Series A and Series B Warrants should be classified as a liability as the warrants are redeemable for cash in the event of a fundamental transaction, as defined in the Senior Convertible Note, which includes a change in control. The Company has recorded a liability for the Series A Warrants and Series B Warrants at fair value on the issuance date with subsequent changes in fair value reflected in earnings. At June 30, 2024 and June 30, 2023, the Company determined the total fair value of the Series A Warrants to be $0 (Series B Warrants expired June 2, 2023). There was no change in the fair value of the Series A Warrants liability recorded in the unaudited consolidated statement of operations for the year ended June 30, 2024. The change in fair value of the Series A Warrants and Series B Warrants liability recorded in the unaudited consolidated statements of operations for the year ended June 30, 2023 was a gain of $122,730. See Note 16 for additional disclosures related to the change in the fair value of the warrant liabilities.

Note 11 – Commitments and contingencies

Commitments

On August 17, 2020, the Company entered into an agreement with Bally's Corporation, an operator of various online gaming and wagering services in the state of New Jersey, USA, to assist the Company in its entrance into the sports wagering market in New Jersey under the State Gaming Law. The commencement date of the arrangement with Bally's Corporation was March 31, 2021. The Company paid $1,550,000 and issued 2 shares of Common Stock in connection with the commencement of the arrangement. The Bally's Corporation agreement extends for 10 years from July 1, 2021, the date of commencement, requiring the Company to pay $1,250,000 and issue 1 share of Common Stock on each annual anniversary date. As of June 30, 2024, the future annual commitments by the Company under this agreement are estimated at $1,250,000 and 1 share of Common Stock payable each year through the year ended June 30, 2030. During each of the years ended June 30, 2024 and 2023, the Company recorded $1,358,168, in sales and marketing expense for its arrangement with Bally's Corporation. There was approximately $2,600,000 and $1,250,000 in accounts payable and accrued expenses in the unaudited consolidated financial statements outstanding and payable to Bally's Corporation as of June 30, 2024 and June 30, 2023, respectively. On October 28, 2022, the Company determined that it would close down its vie.gg New Jersey operations and exit its transactional waiver from the New Jersey Division of Gaming Enforcement.

On September 28, 2023, the Company entered into an online wagering and services agreement with a sports betting provider that has an initial term of 18 months with subsequent annual renewals. The agreement has annual commitment of approximately $385,000 and was terminated on October 26, 2024.

In the ordinary course of business, the Company enters into multi-year agreements to purchase sponsorships with professional teams as part of its marketing efforts to expand competitive esports gaming. During the year ended June 30, 2024, the Company recorded approximately $344,000, and during the year ended June 30, 2023, the Company recorded approximately $258,000, in sales and marketing expense for these arrangements, respectively. As of June 30, 2024, the commitments under these agreements are estimated at approximately $200,000 for the year ended June 30, 2025.

Contingencies

On November 7, 2023, the Company entered into a confidential settlement agreement and general release (the "Legal Settlement Agreement") with the former Chair of the board of directors and Chief Executive Officer of the Company, with respect to all disputes and pending litigation between the Company. Pursuant to the Legal Settlement Agreement, the parties agreed to settle and resolve any and all disputes between the parties. As of June 30, 2024, the Company has recorded $150,000 as a liability in accounts payable and other accrued expenses in the unaudited consolidated balance sheet and an expense of $500,000 for the year ended June 30, 2024, in general and administrative expenses in the unaudited consolidated statement of operations.

On March 31, 2022, the Company filed a statement of claim against Metaverse Partners for breach of contract, fraud and defamation. The Company seeks damages in an amount to be determined, but not less than $50,000 plus interest at the statutory rate, and an order directing the defendant to discontinue their extortion and defamation. Subsequently, on May 17, 2022, Metaverse Partners filed counterclaims in arbitration against the Company and former CEO for breach of contract, fraud and defamation claiming damages of not less than $5,000,000. At this time we are unable to reasonably estimate a potential liability, if any, and expect to vigorously defend on this matter.

The Company at times may be involved in pending or threatened litigation relating to claims arising from its operations in the normal course of business. Some of these proceedings may result in fines, penalties, judgments or costs being assessed against the Company at some future time.

In determining the appropriate level of specific liabilities, if any, the Company considers a case-by-case evaluation of the underlying data and updates the Company's evaluation as further information becomes known. Specific liabilities are provided for loss contingencies to the extent the Company concludes that a loss is both probable and estimable. Other than related to the Legal Settlement Agreement discussed above, the Company did not have any liabilities recorded for loss contingencies as of June 30, 2024 and June 30, 2023. However, the results of litigation are inherently unpredictable, and the possibility exists that the ultimate resolution of one or more of these matters could result in a material effect on the Company's financial position, results of operations or liquidity.

Other than as discussed above, the Company is currently not involved in any other litigation that it believes could have a material adverse effect on the Company's financial condition or results of operations.

Note 12 – Revenue and Geographic Information

The Company is a provider of iGaming, traditional sports betting and esports services that commenced revenue generating operations during the year ended June 30, 2021 with the acquisitions of Argyll, EGL, Lucky Dino, and GGC. The Company acquired Bethard in July 2021 adding to its revenue generating operations. The revenues and long-lived assets of Lucky Dino, Argyll (until November 30, 2022 when no further bets were taken as part of the winding down of the Argyll operations), Bethard (until February 2023 when the operations of Bethard were sold), EGL (until June 30, 2023 when EGL was disposed of), have been identified as the international operations as they principally service or serviced customers in Europe, inclusive of the United Kingdom. The revenues and long-lived assets of GGC principally service customers in the United States. The Company's remaining businesses of Lucky Dino and GGC are the primary revenue generators for fiscal 2024.

A disaggregation of revenue by type of service for the year ended June 30, 2024 and 2023 is as follows:

	Year ended June 30,	
	2024	2023
Online betting and casino revenues	$ 5,276,438	$ 19,690,722
Esports and other revenues	2,825,564	3,275,082
Total	$ 8,102,002	$ 22,965,804

A summary of revenue by geography follows for the year ended June 30, 2024 and 2023 is as follows:

	Year ended June 30,	
	2024	2023
United States	$ 2,825,564	$ 2,499,554
International	5,276,438	20,466,250
Total	$ 8,102,002	$ 22,965,804

The Company's revenue from EEG iGaming is principally recognized at the point in time when gaming occurs. The Company's EEG Games revenue is recognized at a point in time for hardware and equipment and consulting services typically when a customer obtains control or receives the service and over time for subscriptions, maintenance, licensing and event management using the input method of time lapsed to measure the progress toward satisfying the performance obligation. A summary of revenue recognized at a point in time or over time for the year ended June 30, 2024 and 2023 is as follows:

	Year ended June 30,	
	2024	2023
Point in time	$ 5,934,041	$ 20,719,613
Over time	2,167,961	2,246,191
Total	$ 8,102,002	$ 22,965,804

The deferred revenue balances were as follows:

	June 30, 2024	June 30, 2023
Deferred revenue, beginning of the year	$ 989,027	$ 575,097
Deferred revenue, end of the year	$ 1,242,856	989,027
Revenue recognized in the year from amounts included in deferred revenue at the beginning of the year	$ 760,626	$ 531,062

The majority of the deferred revenue is expected to be recognized over the twelve months ending June 30, 2024.

A summary of long-lived assets by geography as at June 30, 2024 and 2023 follows:

	June 30, 2024	June 30, 2023
United States	$ 2,396,820	$ 5,146,469
International	-	12,911,774
Total	$ 2,396,820	$ 18,058,243

Note 13 – Mezzanine Equity

Preferred Stock

The Company is authorized to issue 10,000,000 shares of blank check preferred stock.

10% Series A Cumulative Redeemable Convertible Preferred Stock

On November 10, 2021, the Company designated 1,725,000 shares of preferred stock as 10% Series A Cumulative Redeemable Convertible Preferred Stock, with a par value of $0.001 per share and liquidation preference of $11.00 per preferred share. On November 11, 2021, the Company announced that it priced an underwritten public offering of preferred stock as 10% Series A Cumulative Redeemable Convertible Preferred Stock in the first series issuance of preferred stock, of which 800,000 shares were issued at $10 a share on November 16, 2021 for total gross proceeds of $8,000,000, before deducting underwriting discounts and other estimated offering expenses. Net proceeds from the sale, after deducting issuance costs totaled $7,265,000.

In addition, under the terms of the underwriting agreement for the public offering of the 10% Series A Cumulative Redeemable Convertible Preferred Stock, the Company granted the underwriters a 45-day option to purchase up to an additional 120,000 shares. On December 10, 2021, there was a partial exercise to purchase 35,950 shares. Net proceeds from the additional sale, after deducting issuance costs, totaled $334,335.

Conversion

Each 40,000 shares of 10% Series A Cumulative Redeemable Convertible Preferred Stock is convertible into one share of the Company’s Common Stock at a conversion price of $700,000 per common share after adjusting for the Reverse Stock Splits. Subject to earlier conversion or redemption, the 10% Series A Cumulative Redeemable Convertible Preferred Stock matures on November 15, 2026, at which point the Company must redeem the shares of 10% Series A Cumulative Redeemable Convertible Preferred Stock at the redemption price.

Dividends

Dividends on the 10% Series A Cumulative Redeemable Convertible Preferred Stock are cumulative from the date of issuance. The dividends on the 10% Series A Cumulative Redeemable Convertible Preferred Stock are payable in equal monthly installments on the last day of each calendar month, when, as and if declared by the Board, at an annual rate of 10.0% per annum.

On December 8, 2023, the Company announced that its Board of Directors temporarily suspended the Company’s monthly cash dividend on its 10% Series A Cumulative Redeemable Convertible Preferred Stock, commencing with the December 2023 dividend. As of June 30, 2024, an aggregate of $468,132 in dividends had accrued.

Redemption and Liquidation

The 10% Series A Cumulative Redeemable Convertible Preferred Stock is also redeemable, at the option of the Board of Directors, in whole or in part, at any time on or after January 1, 2023.

The 10% Series A Cumulative Redeemable Convertible Preferred Stock includes a change of control put option which allows the holders of the 10% Series A Cumulative Redeemable Convertible Preferred Stock to require the Company to repurchase such holders' shares for a price per share equal to the redemption price.

During the continuance of any arrearages in dividends for any past monthly dividend period or a failure in fulfillment of any redemption obligation on Series A Convertible Preferred Stock, except as otherwise permitted by the Certificate of Designation of the 10% Series A Cumulative Redeemable Convertible Preferred Stock, the Company will not purchase or redeem any shares of Series A Convertible Preferred Stock or of any other series of preferred stock ranking on a parity with the 10% Series A Cumulative Redeemable Convertible Preferred Stock as to dividends or upon liquidation, without the consent of the holders of at least 80% of all the shares of 10% Series A Cumulative Redeemable Convertible Preferred Stock and of stock of any other class or series of preferred stock then outstanding and ranking on a parity with 10% Series A Cumulative Redeemable Convertible Preferred Stock as to dividends on which there are arrearages, voting together as a single class.

Upon any liquidation, dissolution or winding-up of the Company, the holders of the 10% Series A Cumulative Redeemable Convertible Preferred Stock are entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to the $11.00 per preferred share, plus any accrued and unpaid dividends thereon and any other fees or liquidated damages then due and owing thereon under the 10% Series A Cumulative Redeemable Convertible Preferred Stock, for each share of 10% Series A Cumulative Redeemable Convertible Preferred Stock before any distribution or payment is made to the holders of any junior securities.

Voting Rights

The holders of the 10% Series A Cumulative Redeemable Convertible Preferred Stock will not have any voting rights, except whenever dividends on any share of any series of preferred stock ("Applicable Preferred Stock") have not been paid in an aggregate amount equal to four monthly dividends on the shares, the holders of the Applicable Preferred Stock will have the exclusive and special right, voting separately as a class and without regard to series, to elect at an annual meeting of shareholders or special meeting held in place of it one member of the Board, until all arrearages in dividends and dividends in full for the current monthly period have been paid.

Series B Redeemable Preferred Stock

On December 20, 2022, the Company entered into a Subscription and Investment Representation Agreement with a former member of management of the Company, pursuant to which the Company agreed to issue and sell one hundred (100) shares of the Company's Series B Redeemable Preferred Stock (the "Series B Preferred Stock"), par value $0.001 per share, for $10 per share in cash. The sale closed on December 21, 2022.

On December 21, 2022, the Company filed a certificate of designation (the "Series B Certificate of Designation") with the Secretary of State of Nevada, effective as of the time of filing, designating the rights, preferences, privileges and restrictions of the shares of Series B Preferred Stock. The Series B Certificate of Designation provided that one hundred (100) shares of Series B Preferred Stock had 625 votes each and will vote together with the outstanding shares of the Company's Common Stock as a single class exclusively with respect to any proposal to effect a reverse stock split of the Company's Common Stock. The Series B Preferred Stock was voted, without action by the holder, on the reverse stock split proposal at our 2022 Annual Meeting on January 26, 2023, in the same proportion as shares of Common Stock were voted. The Series B Preferred Stock otherwise had no other voting rights except as otherwise required by the Nevada Revised Statutes. The reverse stock split proposal was approved during the 2022 Annual Meeting.

Conversion

The Series B Preferred Stock was not convertible.

Dividends

The holder of Series B Preferred Stock, as such, was not entitled to receive dividends or distributions of any kind.

Voting Rights

Except as otherwise provided by the Company's Amended and Restated Articles of Incorporation or required by law, the holder of Series B Preferred Stock had no voting rights, except that the holder of Series B Preferred Stock had the right to vote on any resolution or proposal presented to the stockholders of the Company to approve a decrease in the number of the Company's issued and outstanding shares of Common Stock, or reverse stock split of such issued and outstanding shares, within a range as determined by the Board in accordance with the terms of such amendment and an increase in authorized shares after the reverse stock split (the "Reverse Stock Split Proposal"), or as otherwise required by the Nevada Revised Statutes. The outstanding shares of Series B Preferred Stock had 625 votes per share. The outstanding shares of Series B Preferred Stock voted together with the outstanding shares of Common Stock, par value $0.001 per share of Common Stock of the Company as a single class exclusively with respect to the Reverse Stock Split Proposal and was not entitled to vote on any other matter except to the extent required under the Nevada Revised Statutes.

The shares of Series B Preferred Stock was voted, without action by the holder, on the Reverse Stock Split Proposal in the same proportion as shares of Common Stock were voted (excluding any shares of Common Stock that were not voted), or otherwise, or which are counted as abstentions or broker non-votes) on the Reverse Stock Split Proposal (and, for purposes of clarity, such voting rights did not apply on any other resolution presented to the stockholders of the Company).

Liquidation

The Series B Preferred Stock had no rights as to any distribution of assets of the Company for any reason, including upon a liquidation, bankruptcy, reorganization, merger, acquisition, sale, dissolution or winding up of the Company, whether voluntarily or involuntarily, and did not affect the liquidation or distribution rights of holders of any other outstanding series of preferred stock of the Company.

Redemption

The outstanding shares of Series B Preferred Stock were to be redeemed in whole, but not in part, at any time (i) if such redemption was ordered by the Board in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion, or (ii) automatically upon the stockholder approval of the Reverse Stock Split Proposal. As used herein, the "Redemption Time" meant the effective time of the redemption.

Each share of Series B Preferred Stock redeemed in the redemption was to be redeemed in consideration for the right to receive an amount equal to $10 in cash (the "Redemption Price") for each share of Series B Preferred Stock that was owned of record as of immediately prior to the applicable effective time of the redemption and redeemed pursuant to the Redemption, payable upon the applicable effective time of the redemption.

From and after the time at which the shares of Series B Preferred Stock were called for redemption (whether automatically or otherwise) in accordance with the above, such shares of Series B Preferred Stock were to cease to be outstanding, and the only right of the former holder of such shares of Series B Preferred Stock, as such, was to receive the applicable Redemption Price. The shares of Series B Preferred Stock redeemed by the Company were to be automatically retired and restored to the status of authorized but unissued shares of preferred stock, upon such redemption. Notice of a meeting of the Company's stockholders for the submission to such stockholders of any proposal to approve the Reverse Stock Split constitutes notice of the redemption of shares of Series B Preferred Stock and results in the automatic redemption of the shares of Series B Preferred Stock at the effective time of the redemption pursuant to the above. In connection with the issuance of the Series B Preferred Stock, the Company set apart funds for payment for the redemption of the shares of Series B Preferred Stock. Pursuant to the terms of the Series B Preferred Stock, the outstanding shares of Series B Preferred Stock were redeemed in whole following the effectiveness of stockholder approval of the reverse stock split proposal at the Company's 2022 annual meeting held on January 26, 2023. The holder of the Series B Preferred Stock received consideration of $10 per share in cash, or $1,000 in the aggregate, on February 10, 2023.

The Series B Preferred Stock was not mandatorily redeemable, but rather was only contingently redeemable, and given that the redemption events were not certain to occur, the shares were not accounted for as a liability. As the Series B

Preferred Stock was contingently redeemable on events outside of the control of the Company, all shares of Series B Preferred Stock have been presented outside of permanent equity in mezzanine equity on the unaudited consolidated balance sheets.

Series C Convertible Preferred Stock

On April 19, 2023, the Company entered into an agreement with the Holder (the "Note to Preferred Stock Exchange Agreement") to convert the $15,230,024 in aggregate principal amount of the Senior Convertible Note outstanding into the new Series C Convertible Preferred Stock. The Company designated 20,000 shares of preferred stock Series C Convertible Preferred Stock ("Series C Preferred Stock"). The Company issued 15,230 shares of Series C Preferred Stock, $0.001 par value per share, for a price of $1,000 per share.

The terms and provisions of the Series C Preferred Stock were set forth in a Series C Convertible Preferred Stock Certificate of Designations (the "Series C Certificate of Designations"), filed and effective with the Secretary of State of the State of Nevada in connection with the closing on April 28, 2023. The transactions contemplated by the Note to Preferred Stock Exchange Agreement and the Series C Certificate of Designations were approved by our Board.

Ranking

The Series C Preferred Stock, with respect to the payment of dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company, ranks equal to the 10% Series A Cumulative Redeemable Convertible Preferred Stock and the Series D Preferred Stock and is senior to all Common Stock of the Company unless the Investor consents to the creation of other capital stock of the Company that is senior or equal in rank to the Series C Preferred Stock.

Adjustments

In the event that the Company grants, issues or sells (or enters into any agreement to grant, issue or sell), or is deemed to have granted, issued or sold, any shares of Common Stock, but excluding certain excluded issuances as described in the Series C Certificate of Designation, for a consideration per share (the "New Issuance Price") less than a price equal to the Conversion Price in effect immediately prior to such granting, issuance or sale or deemed granting, issuance or sale (the foregoing a "Dilutive Issuance"), then, immediately after such Dilutive Issuance, the Conversion Price then in effect shall be reduced to an amount equal to the New Issuance Price, subject to certain exceptions described in the Series C Certificate of Designations.

If the Company effects any stock split, stock dividend, recapitalization or otherwise or any combination, reverse stock split or otherwise then in each such case the calculations with respect to the Conversion Price and similar terms shall be adjusted accordingly, as more fully described in the Series C Certificate of Designations. If there occurs any stock split, stock dividend, stock combination recapitalization or other similar transaction involving the Common Stock (each, a "Stock Combination Event", and such date thereof, the "Stock Combination Event Date") and the Event Market Price (as defined below) is less than the Conversion Price then in effect (after giving effect to the automatic adjustment above), then on the sixteenth (16th) trading day immediately following such Stock Combination Event Date, the Conversion Price then in effect on such sixteenth (16th) trading day (after giving effect to the automatic adjustment above) shall be reduced to the Event Market Price. "Event Market Price" means, with respect to any Stock Combination Event Date, 80% of the quotient determined by dividing (x) the sum of the VWAP (as defined in the Series C Certificate of Designation) of the Common Stock for each of the three (3) lowest trading days during the twenty (20) consecutive trading day period ending and including the trading day immediately preceding the sixteenth (16th) trading day after such Stock Combination Event Date, divided by (y) three (3).

Purchase Rights

If at any time the Company grants, issues or sells any options, convertible securities, or rights to purchase stock, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Stock (the "Purchase Rights"), then each holder of Series C Preferred Stock will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder of Series C Preferred Stock could have acquired if such holder of Series C Preferred Stock had held the number of shares of Common Stock acquirable upon complete conversion of all the Series C Preferred Stock held by such holder of Series C Preferred Stock immediately prior to the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights; subject to certain limitations on beneficial ownership.

Conversion

The Series C Certificate of Designations contemplates that the Series C Preferred Stock will be convertible into Common Stock (the "Conversion Shares") at the option of the holder of Series C Preferred Stock at any time from time to time after the date of issuance thereof. The number of Conversion Shares issuable upon conversion of any share of Series C Preferred Stock shall be determined by dividing (x) the Conversion Amount (as defined below) of a share of Series C Preferred Stock by (y) the lower of (i) the Conversion Price (as defined below); and (ii) the Alternate Conversion Price (as defined below). "Conversion Amount" shall mean, with respect to each share of Series C Preferred Stock, the sum of (A) $1,000 per share (such amount, subject to adjustment, the "Stated Value") and (B) all declared and unpaid dividends with respect to such Stated Value and all declared and unpaid dividends as of such date of determination and any other amounts owed under the Series C Certificate of Designations. "Conversion Price" means, with respect to each Series C Preferred Stock, as of any conversion date or other date of determination, a price that is $2.2997, subject to adjustment as provided in the Series C Certificate of Designations. "Alternate Conversion Price" shall mean with respect to any Alternate Conversion that price which shall be the lowest of (i) the applicable Conversion Price as in effect on the applicable Conversion Date of the applicable Alternate Conversion, and (ii) 90% of the lowest VWAP of the Common Stock during the ten (10) consecutive Trading Day period ending and including the Trading Day of the applicable Conversion Notice (such period, the "Alternate Conversion Measuring Period"). All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction that proportionately decreases or increases the Common Stock during such Alternate Conversion Measuring Period.

Liquidation

In the event of a liquidation, the holders of Series C Preferred Stock shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its shareholders (the "Liquidation Funds"), before any amount shall be paid to the holders of any of shares of Common Stock or other junior stock, but pari passu with any parity stock then outstanding, such as the Series A Preferred Stock, an amount per preferred share equal to the greater of (A) 100% of the Conversion Amount of such preferred share on the date of such payment and (B) the amount per share such Holder would receive if such Holder converted such preferred share into Common Stock (at the Alternate Conversion Price then in effect) immediately prior to the date of such payment, provided that if the Liquidation Funds are insufficient to pay the full amount due to the Holders and holders of shares of parity stock, then each Holder and each holder of parity stock shall receive a percentage of the Liquidation Funds equal to the full amount of Liquidation Funds payable to such Holder and such holder of parity stock as a liquidation preference, in accordance with their respective Certificate of Designations (or equivalent), as a percentage of the full amount of Liquidation Funds payable to all Holders of preferred shares and all holders of shares of parity stock.

In addition, the Company will provide the holders of Series C Preferred Stock with notice of certain triggering events as defined in the Series C Certificate of Designations (each a "Triggering Event") or if a holder of Series C Preferred Stock may become aware of a Triggering Event as a result of which the holder of Series C Preferred Stock may choose to convert the Series C Preferred Stock they hold into Conversion Shares at the Series C Alternate Conversion Price for the Triggering Event Conversion Right Period (as defined in the Series C Certificate of Designations).

Mandatory Redemption on Bankruptcy Triggering Event

Upon any Bankruptcy Triggering Event, the Company shall immediately redeem, in cash, each share of Series C Preferred Stock then outstanding at a redemption price equal to the greater of (i) the product of (A) the Conversion Amount to be redeemed and (ii) the product of (X) the Conversion Rate (calculated using the lowest Alternate Conversion Price during the period commencing on the 20th trading day immediately preceding such public announcement and ending on the date the Company makes the entire redemption payment with respect to the Conversion Amount in effect immediately following the date of initial public announcement (or public filing of bankruptcy documents, as applicable) of such Bankruptcy Triggering Event multiplied by (Y) the greatest closing sale price of the Common Stock on any trading day during the period commencing on the date immediately preceding such

Bankruptcy Triggering Event and ending on the date the Company makes the entire redemption payment required to be made.

Dividends

Dividends on the Series C Preferred Stock will accrue daily at a rate equal to 0% per annum, increasing to 10% from the date of a triggering event on nonpayment on the maturity date, and is to be payable by way of inclusion of the Dividends in the Conversion Amount on each Conversion Date in accordance with an optional conversion or upon any redemption hereunder (including, without limitation, upon any required payment upon any Bankruptcy Triggering Event).

Beneficial Ownership Limitation

The Series C Preferred Stock cannot be converted into Common Stock if the holder of Series C Preferred Stock and its affiliates would beneficially own more than 9.99% of the outstanding Common Stock. However, any holder of Series C Preferred Stock may increase or decrease such percentage to any other percentage not in excess of 9.99% upon notice to us, provided that any increase in this limitation will not be effective until 61 days after delivery of such notice from the holder to us and such increase or decrease will apply only to the holder providing notice.

Voting Rights

The holders of the Series C Preferred Stock shall have no voting power and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and shall not be entitled to call a meeting of such holders of Series C Preferred Stock for any purpose nor shall they be entitled to participate in any meeting of the holders of Common Stock except as provided in the Series C Certificate of Designations or as otherwise required by applicable law. To the extent that under applicable law, the vote of the holder of the Series C Preferred Stock, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the Investor of the shares of the Series C Preferred Stock, voting together in the aggregate and not in separate series unless required under applicable law, represented at a duly held meeting at which a quorum is presented or by written consent of the Investor (except as otherwise may be required under the applicable law), voting together in the aggregate and not in separate series unless required under the applicable law, shall constitute the approval of such action by both the class or the series, as applicable. Holders of the Series C Preferred Stock shall be entitled to written notice of all shareholder meetings or written consents (and copies of proxy materials and other information sent to shareholders) with respect to which they would be entitled to vote, which notice would be provided pursuant to the Bylaws and the applicable law.

Without first obtaining the affirmative vote of the Holder, voting together as a single class, the Company shall not: (a) amend or repeal any provision of, or add any provision to, its Certificate of Incorporation or Bylaws, or file any Certificate of Designations or articles of amendment of any series of shares of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit of the Series C Preferred Stock hereunder, regardless of whether any such action shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise; (b) increase or decrease (other than by conversion) the authorized number of Series C Convertible Preferred Stock; (c) create or authorize (by reclassification or otherwise) any new class or series of Senior Preferred Stock or Parity Stock; (d) purchase, repurchase or redeem any shares of junior stock (other than pursuant to the terms of the Company’s equity incentive plans and options and other equity awards granted under such plans (that have in good faith been approved by the Board)); (e) pay dividends or make any other distribution on any shares of any junior stock; (f) issue any preferred stock other than as contemplated hereby or pursuant to the Exchange Agreement; or (g) whether or not prohibited by the terms of the Series C Preferred Stock, circumvent a right of the Series C Preferred Stock under the Series C Certificate of Designations.

Other Terms

The terms of the Series C Preferred Stock prohibit the Company from subsequent financings at a price below the Conversion Price, unless approved by the holder of Series C Preferred Stock.

The Holder has the option to require the Company to use 25% of the proceeds from any subsequent financing to redeem the Series C Preferred Stock at the Conversion Amount of such Subsequent Placement Optional Redemption Share being redeemed as of the Subsequent Placement Optional Redemption Date, other than solely with respect to the first $10,000,000 raised after the date of amendment of the Series C Preferred Stock (including, for the avoidance of doubt, money raised from Holder or its affiliates).

The Holder of Series C Preferred Stock may convert the Series C Preferred Stock into any subsequent financing thereby receiving securities issued in such subsequent financing in exchange for cancellation of all or part of the Series C Preferred Stock.

The Conversion price of the Series C Preferred Stock has been subsequently impacted by the August 2023 Settlement Agreement, dated August 15, 2023 and the October 2023 Settlement Agreement, dated October 6, 2023.

Series D Convertible Preferred Stock

On April 30, 2023, the Company entered into and on May 22, 2023 subsequently closed the Securities Purchase Agreement (the "Series D SPA") with the Holder. The Company designated 10,000 shares of preferred stock Series D Convertible Preferred Stock. The Series D SPA direct offering to the Holder included (i) 4,300 shares of new Series D Preferred Stock, $0.001 par value per share, for a price of $1,000 per share, (ii) common warrants to purchase 3,583 shares of our Common Stock at a price of $784.00 per share (the "Series D Preferred Common Warrants"), and (iii) preferred warrants to purchase 4,300 shares of our Series D Preferred Stock at a price of $1,000 per share (the "Series D Preferred Warrants), for a total gross proceeds to the Company of $4,300,000 before deducting underwriting discounts and commissions of $341,000, for net proceeds of $3,959,000 (the "Series D Preferred Stock"). The Series D Preferred Stock was recorded using an allocated fair value basis with $2,548,758 being recorded for the Series D Preferred Stock and $32,364 recorded for the Series D Preferred Warrants within Series D Convertible Preferred Stock on the unaudited consolidated balance sheet, with the balance of $1,718,878 being allocated to the Series D Common Warrants and being recorded in additional paid in capital of the unaudited consolidated balance sheet. The Company obtained the fair value of the Series D Preferred Stock using a risk adjusted Monte Carlo valuation model analysis with the following assumptions:

	May 22, 2023
Expected term, in years	2.00
Expected volatility	141.66%
Risk-free interest rate	4.18%
Discount rate	20.00%
Stock price	$ 868.00

The Series D Preferred Warrants were valued by subtracting the stated value of the Series D Preferred Stock from the fair value of the Series D Preferred Stock on May 22, 2023.

The Company calculated the fair value of the Series D Common Warrants using a Black Scholes valuation model with the following assumptions:

	May 22, 2023
Contractual term, in years	5.00
Expected volatility	165%
Risk-free interest rate	3.77%
Dividend yield	-
Conversion / exercise price	$ 784.00

The terms and provisions of the Series D Preferred Stock were set forth in a Series D Convertible Preferred Stock Certificate of Designations (the "Series D Certificate of Designations"), filed and effective with the Secretary of State of the State of Nevada in connection with the closing on May 22, 2023.

Ranking

The Series D Preferred Stock, with respect to the payment of dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company, ranks equal to the 10% Series A Cumulative Redeemable Convertible Preferred Stock and the Series C Preferred Stock and is senior to all Common Stock of the Company unless the Investor consents to the creation of other capital stock of the Company that is senior or equal in rank to the Series D Preferred Stock.

Adjustments

In the event that the Company grants, issues or sells (or enters into any agreement to grant, issue or sell), or is deemed to have granted, issued or sold, any shares of Common Stock, but excluding certain excluded issuances as described in the Series D Certificate of Designation, for a consideration per share (the "New Issuance Price") less than a price equal to the Conversion Price in effect immediately prior to such granting, issuance or sale or deemed granting, issuance or sale (the foregoing a "Dilutive Issuance"), then, immediately after such Dilutive Issuance, the Conversion Price then in effect shall be reduced to an amount equal to the New Issuance Price, subject to certain exceptions described in the Series D Certificate of Designations.

If the Company effects any stock split, stock dividend, recapitalization or otherwise or any combination, reverse stock split or otherwise then in each such case the calculations with respect to the Conversion Price and similar terms shall be adjusted accordingly, as more fully described in the Series D Certificate of Designations. If there occurs any stock split, stock dividend, stock combination recapitalization or other similar transaction involving the Common Stock (each, a "Stock Combination Event", and such date thereof, the "Stock Combination Event Date") and the Event Market Price (as defined below) is less than the Conversion Price then in effect (after giving effect to the automatic adjustment above), then on the sixteenth (16th) trading day immediately following such Stock Combination Event Date, the Conversion Price then in effect on such sixteenth (16th) trading day (after giving effect to the automatic adjustment above) shall be reduced to the Event Market Price. "Event Market Price" means, with respect to any Stock Combination Event Date, 80% of the quotient determined by dividing (x) the sum of the VWAP (as defined in the Series D Certificate of Designation) of the Common Stock for each of the three (3) lowest trading days during the twenty (20) consecutive trading day period ending and including the trading day immediately preceding the sixteenth (16th) trading day after such Stock Combination Event Date, divided by (y) three (3).

Purchase Rights

If at any time the Company grants, issues or sells any options, convertible securities, or rights to purchase stock, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Stock (the "Purchase Rights"), then each holder of Series D Preferred Stock will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such holder of Series D Preferred Stock could have acquired if such holder of Series D Preferred Stock had held the number of shares of Common Stock acquirable upon complete conversion of all the Series D Preferred Stock held by such holder of Series D Preferred Stock immediately prior to the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights; subject to certain limitations on beneficial ownership.

Conversion

The number of Conversion Shares issuable upon conversion of any share of Series D Preferred Stock shall be determined by dividing (x) the Conversion Amount (as defined below) of a share of Series D Preferred Stock by (y) the lower of (i) the Conversion Price (as defined below); and (ii) the Alternate Conversion Price (as defined below). "Conversion Amount" shall mean, with respect to each share of Series D Preferred Stock, the sum of (A) $1,000 per share (such amount, subject to adjustment, the "Stated Value") and (B) all declared and unpaid dividends with respect to such Stated Value and all declared and unpaid dividends as of such date of determination and any other amounts owed under the Series D Certificate of Designations. "Conversion Price" means, with respect to each Series D Preferred Stock, as of any conversion date or other date of determination, a price that is $2.2997, subject to adjustment as provided in the Series D Certificate of Designations. "Alternate Conversion Price" shall mean with respect to any Alternate Conversion that price which shall be the lowest of (i) the applicable Conversion Price as in effect on the applicable Conversion Date of the applicable Alternate Conversion, and (ii) 90% of the lowest VWAP of the Common

Stock during the ten (10) consecutive Trading Day period ending and including the Trading Day of the applicable Conversion Notice (such period, the "Alternate Conversion Measuring Period"). All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction that proportionately decreases or increases the Common Stock during such Alternate Conversion Measuring Period.

Liquidation

In the event of a liquidation, the holders of Series D Preferred Stock shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its shareholders (the "Liquidation Funds"), before any amount shall be paid to the holders of any of shares of Common Stock or other junior stock, but pari passu with any parity stock then outstanding, such as the Series A Preferred Stock, an amount per preferred share equal to the greater of (A) 100% of the Conversion Amount of such preferred share on the date of such payment and (B) the amount per share such Holder would receive if such Holder converted such preferred share into Common Stock (at the Alternate Conversion Price then in effect) immediately prior to the date of such payment, provided that if the Liquidation Funds are insufficient to pay the full amount due to the Holders and holders of shares of parity stock, then each Holder and each holder of parity stock shall receive a percentage of the Liquidation Funds equal to the full amount of Liquidation Funds payable to such Holder and such holder of parity stock as a liquidation preference, in accordance with their respective Certificate of Designations (or equivalent), as a percentage of the full amount of Liquidation Funds payable to all holders of preferred shares and all holders of shares of parity stock.

In addition, the Company will provide the holders of Series D Preferred Stock with notice of certain triggering events as defined in the Series D Certificate of Designations (each a "Triggering Event") or if a holder of Series D Preferred Stock may become aware of a Triggering Event as a result of which the holder of Series D Preferred Stock may choose to convert the Series D Preferred Stock they hold into Conversion Shares at the Series D Alternate Conversion Price for the Triggering Event Conversion Right Period (as defined in the Series D Certificate of Designations).

Mandatory Redemption on Bankruptcy Triggering Event

Upon any Bankruptcy Triggering Event, the Company shall immediately redeem, in cash, each share of Series D Preferred Stock then outstanding at a redemption price equal to the greater of (i) the product of (A) the Conversion Amount to be redeemed and (ii) the product of (X) the Conversion Rate (calculated using the lowest Alternate Conversion Price during the period commencing on the 20th trading day immediately preceding such public announcement and ending on the date the Company makes the entire redemption payment with respect to the Conversion Amount in effect immediately following the date of initial public announcement (or public filing of bankruptcy documents, as applicable) of such Bankruptcy Triggering Event multiplied by (Y) the greatest closing sale price of the Common Stock on any trading day during the period commencing on the date immediately preceding such Bankruptcy Triggering Event and ending on the date the Company makes the entire redemption payment required to be made.

Dividends

Dividends on the Series D Preferred Stock will accrue daily at a rate equal to 0% per annum, increasing to 10% from the date of a triggering event on nonpayment on the maturity date, and is to be payable by way of inclusion of the Dividends in the Conversion Amount on each Conversion Date in accordance with an optional conversion or upon any redemption hereunder (including, without limitation, upon any required payment upon any Bankruptcy Triggering Event).

Beneficial Ownership Limitation

The Series D Preferred Stock cannot be converted into Common Stock if the holder of Series D Preferred Stock and its affiliates would beneficially own more than 9.99% of the outstanding Common Stock. However, any holder of Series D Preferred Stock may increase or decrease such percentage to any other percentage not in excess of 9.99% upon notice to us, provided that any increase in this limitation will not be effective until 61 days after delivery of such notice from the holder to us and such increase or decrease will apply only to the holder providing notice.

Voting Rights

The holders of the Series D Preferred Stock shall have no voting power and no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of share of capital stock, and shall not be entitled to call a meeting of such holders of Series D Preferred Stock for any purpose nor shall they be entitled to participate in any meeting of the holders of Common Stock except as provided in the Series D Certificate of Designations or as otherwise required by applicable law. To the extent that under applicable law, the vote of the holder of the Series D Preferred Stock, voting separately as a class or series, as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the Investor of the shares of the Series D Preferred Stock, voting together in the aggregate and not in separate series unless required under applicable law, represented at a duly held meeting at which a quorum is presented or by written consent of the Investor (except as otherwise may be required under the applicable law), voting together in the aggregate and not in separate series unless required under the applicable law, shall constitute the approval of such action by both the class or the series, as applicable. Holders of the Series D Preferred Stock shall be entitled to written notice of all shareholder meetings or written consents (and copies of proxy materials and other information sent to shareholders) with respect to which they would be entitled to vote, which notice would be provided pursuant to the Bylaws and the applicable law.

Without first obtaining the affirmative vote of the Holder, voting together as a single class, the Company shall not: (a) amend or repeal any provision of, or add any provision to, its Certificate of Incorporation or Bylaws, or file any Certificate of Designations or articles of amendment of any series of shares of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit of the Series D Preferred Stock hereunder, regardless of whether any such action shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise; (b) increase or decrease (other than by conversion) the authorized number of Series D Preferred Stock; (c) create or authorize (by reclassification or otherwise) any new class or series of Senior Preferred Stock or Parity Stock; (d) purchase, repurchase or redeem any shares of junior stock (other than pursuant to the terms of the Company’s equity incentive plans and options and other equity awards granted under such plans (that have in good faith been approved by the Board)); (e) pay dividends or make any other distribution on any shares of any junior stock; (f) issue any preferred stock other than as contemplated thereby or pursuant to the Securities Purchase Agreement; or (g) whether or not prohibited by the terms of the Series D Preferred Stock, circumvent a right of the Series D Preferred Stock under the Series D Certificate of Designations.

Other Terms

The terms of the Series D Preferred Stock prohibit the Company from subsequent financings at a price below the Conversion Price, unless approved by the holder of Series D Preferred Stock.

The Holder has the option to require the Company to use 25% of the proceeds from any subsequent financing to redeem the Series D Preferred Stock at the Conversion Amount of such Subsequent Placement Optional Redemption Share being redeemed as of the Subsequent Placement Optional Redemption Date, other than solely with respect to the first $10,000,000 raised after the date of amendment of the Series D Preferred Stock (including, for the avoidance of doubt, money raised from Holder or its affiliates).

The Holder of Series D Preferred Stock may convert the Series D Preferred Stock into any subsequent financing thereby receiving securities issued in such subsequent financing in exchange for cancellation of all or part of the Series D Preferred Stock.

The Conversion price of the Series D Preferred Stock has been subsequently impacted by the August 2023 Settlement Agreement, dated August 15, 2023 and the October 2023 Settlement Agreement, dated October 6, 2023.

<u>Common Warrants and Preferred Warrants</u>

The Series D Common Warrants and Series D Preferred Warrants expire in five years. The Series D Common Warrants have a cashless exercise provision. The exercise of the Common Warrants are subject to a beneficial ownership limitation for the Holder of 4.99%, which may be increased to 9.99% provided that the increase will not be effective until the 61st day after delivery of a notice to the Company.

If and when the Series D Preferred Warrants are exercised, pursuant to the terms of the Series D Common Warrants, the number of shares of Common Stock that will be issuable under the Series D Common Warrants will increase by an amount equal to the aggregate value of the shares of Series D Preferred Stock (including any dividends or other amounts thereon) divided by the Alternate Conversion Price (as defined in the Certificate of Designations for the Series D Preferred Stock). The Series D Common Warrants and Series D Preferred Warrants contain customary anti-dilution protection for the Holder and anti-dilution protection in the event of certain dilutive issuances. In addition, the Common Warrants provide the Holder with certain purchase rights in subsequent issuances or sales of securities by the Company.

Series E Redeemable Preferred Stock

On January 5, 2024, the Company entered into a Subscription and Investment Representation Agreement with a former member of management, pursuant to which the Company agreed to issue and sell one hundred (100) shares of the Company's Series E Redeemable Preferred Stock, par value $0.001 per share, for $10 per share in cash (the "Series E Preferred Stock"). The sale closed on January 5, 2024.

On January 5, 2024, the Company filed a certificate of designations (the "Series E Certificate of Designations") with the Secretary of State of Nevada, effective as of the time of filing, designating the rights, preferences, privileges and restrictions of the shares of Series E Preferred Stock. The Certificate of Designation provided that one hundred (100) shares of Series E Preferred Stock will have 15,000 votes each and will vote together with the outstanding shares of the Company's Common Stock as a single class exclusively with respect to any proposal of an amendment to the Company's articles of incorporation to increase the authorized shares of Common Stock (the "Authorized Share Increase Proposal") or any proposal to adjourn the annual or special meeting related to an Authorized Share Increase Proposal, if applicable.

Conversion

The Series E Preferred Stock is not convertible.

Dividends

The holder of Series E Preferred Stock, as such, is not entitled to receive dividends or distributions of any kind.

Voting Rights

Except as otherwise provided by the Company's Amended and Restated Articles of Incorporation or required by law, the holder of Series E Preferred Stock has no voting rights, except that the holder of Series E Preferred Stock has the right to vote on any resolution or proposal presented to the stockholders of the Company to approve an increase in the authorized shares of Common Stock of the Company (Authorized Share Increase Proposal). The outstanding shares of Series E Preferred Stock had 15,000 votes per share. The outstanding shares of Series E Preferred Stock voted together with the outstanding shares of Common Stock, par value $0.001 per share of Common Stock of the Company as a single class exclusively with respect to the Authorized Share Increase Proposal and is not entitled to vote on any other matter except to the extent required under the Nevada Revised Statutes.

The shares of Series E Preferred Stock can be voted, without action by the holder, on the Authorized Share Increase Proposal in the same proportion as shares of Common Stock were voted (excluding any shares of Common Stock that were not voted), or otherwise, or which are counted as abstentions or broker non-votes) on the Authorized Share Increase Proposal (and, for purposes of clarity, such voting rights do not apply on any other resolution that may be presented to the stockholders of the Company).

Liquidation

The Series E Preferred Stock has no rights as to any distribution of assets of the Company for any reason, including upon a liquidation, bankruptcy, reorganization, merger, acquisition, sale, dissolution or winding up of the Company, whether voluntarily or involuntarily, and do not affect the liquidation or distribution rights of holders of any other outstanding series of preferred stock of the Company.

Redemption

The outstanding shares of Series E Preferred Stock can be redeemed in whole, but not in part, at any time (i) if such redemption is ordered by the Board in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion, or (ii) automatically upon the stockholder approval of the Authorized Share Increase Proposal. As used herein, the "Redemption Time" meant the effective time of the redemption.

Each share of Series E Preferred Stock redeemed in the redemption is to be redeemed in consideration for the right to receive an amount equal to $10 in cash (the "Redemption Price") for each share of Series E Preferred Stock that is owned of record as of immediately prior to the applicable effective time of the redemption and redeemed pursuant to the Redemption, payable upon the applicable effective time of the redemption.

From and after the time at which the shares of Series E Preferred Stock are called for redemption (whether automatically or otherwise) in accordance with the above, such shares of Series E Preferred Stock are to cease to be outstanding, and the only right of the former holder of such shares of Series E Preferred Stock, as such, was to receive the applicable Redemption Price. The shares of Series E Preferred Stock redeemed by the Company are to be automatically retired and restored to the status of authorized but unissued shares of preferred stock, upon such redemption. Notice of a meeting of the Company's stockholders for the submission to such stockholders of any proposal to approve the Authorized Share Increase Proposal constitutes notice of the redemption of shares of Series E Preferred Stock and results in the automatic redemption of the shares of Series E Preferred Stock at the effective time of the redemption pursuant to the above. In connection with the issuance of the Series E Preferred Stock, the Company set apart funds for payment for the redemption of the shares of Series E Preferred Stock.

The Series E Preferred Stock is not mandatorily redeemable, but rather was only contingently redeemable, and given that the redemption events are not certain to occur, the shares are not accounted for as a liability. As the Series E Redeemable Preferred Stock is contingently redeemable on events outside of the control of the Company, all shares of Series E Redeemable Preferred Stock have been presented outside of permanent equity in mezzanine equity on the unaudited consolidated balance sheets.

Note 14 – Equity

Common Stock

The following is a summary of Common Stock issuances for the year ended June 30, 2024:

- During the year ended June 30, 2024, on August 15, 2023, the Company entered into a securities purchase agreement with the Holder (the "RD SPA"). The RD SPA related to an offering of (a) 2,500 shares of our Common Stock, $0.001 par value per share, for a price of $77.40 per share, directly to the Holder and (b) pre-funded warrants to purchase 10,420 shares of our Common Stock at a price of $77.40 per warrant, directly to the Holder (the "RD Pre-funded Warrants"), with all but $0.40 per warrant prepaid to the Company at the closing of the offering. The RD Pre-funded Warrants were exercisable immediately upon issuance. The exercise price of each RD Pre-funded Warrant was $77.40 per share of Common Stock, of which $77.00 was prepaid. The offering closed on August 15, 2023. On August 16, 2023 all the Pre-funded Warrants were exercised.

  The RD SPA included the Holder waiving its rights to require the Company to cause a Subsequent Placement Optional Redemption (as defined in each of the Series C Certificate of Designations and Series D Certificate of Designations) using the gross proceeds from the sale of the shares of Common Stock and warrants (including from the exercise thereof) and its rights to participate in an Eligible Subsequent Placement (as defined in each of the Preferred Stock Certificates of Designations) pursuant to Section 7(b) of the Series C and Series D Preferred Stock Certificates of Designations, but only with respect to the offering and sale of the Securities contemplated by the RD SPA. As a result, the Company did not make any payments from the gross proceeds to the Holder. The gross proceeds from the issuance and sale of the shares of Common Stock were $193,500 and RD Pre-funded Warrants, were $806,500, before deducting the estimated offering expenses payable by the Company.

- From July 1, 2023, through June 30, 2024, the Holder exchanged $16,309,814 in Series C Preferred Stock and $157,931 in accrued dividends, for 526,503 shares of our Common Stock at conversion prices equal to 90% of the lowest VWAP of our Common Stock for a trading day during the ten consecutive trading day period ending, and including, the applicable date that the conversion price was lowered for purposes of a conversion, or the floor price then in effect. The reduction in the Series C Preferred Stock was offset by the aggregate Alternate Conversion Floor Amount of $4,805,990 and additional accrued dividends of $247,563 over the same period.

  Under the Settlement Agreements, dated August 15, 2023 (the "August 2023 Settlement Agreement"), and the October 6, 2023 (the "October 2023 Settlement Agreement"), as described below, between the Company and the Holder, in the event that the conversion price then in effect, as may be adjusted under the Settlement Agreements, is greater than 90% of the lowest VWAP of the Common Stock during the ten consecutive trading day period ending and including the trading day of an applicable conversion notice, the accrued and unpaid dividends on the outstanding shares of preferred stock shall automatically increase, pro rata, by the applicable Alternate Conversion Floor Amount (as defined in the Series C and Series D Preferred Stock Certificates of Designations) or, at the Company's option, the Company shall deliver the applicable Alternate Conversion Floor Amount to the holder on the applicable date of conversion. The Company's shares of Common Stock issued in connection with these conversions were not registered under the Securities Act of 1933, as amended (the "Securities Act"), and were issued to an existing Holder of the Company's securities without commission or additional consideration in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act. As of June 30, 2024, following these conversions, the number Series C Preferred Stock shares outstanding reduced to 1,775 from 14,601 at June 30, 2023, and $3,549,177 in aggregate amount of the Series C Preferred Stock remained outstanding, offset by a remaining discount of $1,142,675 that is being amortized on a straight line basis through March 7, 2026.

- During the year ended June 30, 2024, per the August 2023 Settlement Agreement entered into with the Holder for the Company to issue Common Stock in partial settlement of the Registration Rights Fees payable ("RRA Fees") under the Registration Rights Agreement (the "Series D RRA"), in connection with a delay in the filing of a registration statement for the purpose of registering the resale of the Common Stock issuable under the Holder's Series D Preferred Stock and common warrants, despite the Company's best efforts to avoid such delay, the Company agreed to initially issue 25 shares at $40.00 per share in partial settlement of RRA Fees.

  Further, on October 6, 2023, the Company entered into the separate October 2023 Settlement Agreement with the Holder for the Company to issue Common Stock in partial settlement of the RRA Fees by the Company under the Series D RRA, and replacing the August 2023 Settlement Agreement.

  The Company agreed to issue an additional 25 shares at $20.00 per share on October 6, 2023, ("Continued Settlement Price Per Share") in partial settlement of RRA Fees. The Company further agreed to settle an additional $1,000 (or such other amount as the parties shall mutually agree) ("Further Settlements") on each seven day anniversary of the October 2023 Settlement Agreement (or another date mutually agreed between the parties), until the earlier of (i) the date that the parties mutually terminate the October 2023 Settlement Agreement in writing, and (ii) such time as the remaining balance of the RRA Fees are paid in full, as applicable, to satisfy up to the remaining balance of the RRA Fees at a price per share equal to the lower of (1) 90% of the lowest VWAP per share of the Common Stock during the ten consecutive trading day period ending and including the trading day immediately preceding the additional share settlement, and (2) the Continued Settlement Price Per Share. As part of the settlement, the Holder also agreed to continue to waive, in part, applicable antidilution provisions within the Certificates of Designations governing the Series C Preferred Stock and Series D Preferred Stock such that the issuances of any settlement shares in accordance with the October 2023 Settlement Agreement shall not result in a Conversion Price for the applicable Conversion Amount (as such terms are defined in the Certificates of Designations governing the Series C Preferred Stock and Series D Preferred Stock) subject to such conversion less than the lesser of (A) the Conversion Price then in effect (without giving effect to any adjustments to the Conversion Price arising solely as a result of the issuances of the settlement shares under the October 2023 Settlement Agreement) and (B) the greater of (x) the Conversion Price then in effect (after giving effect to all adjustments to the Conversion Price (including, without limitation, such adjustments arising as a result of the issuances of the settlement shares under the October 2023 Settlement Agreement)) and (y) 90% of the lowest

VWAP of the Common Stock during the ten consecutive trading day period ending and including such applicable conversion date under the terms of the Series C Preferred Stock or Series D Preferred Stock, as applicable.

The October 2023 Settlement Agreement further provides that, notwithstanding anything in the applicable Series C and Series D Preferred Stock Certificates of Designations to the contrary, with respect to any given conversion of any Series C Preferred Stock or Series D Preferred Stock, to the extent such Conversion Price, as so adjusted, is greater than 90% of the lowest VWAP of the Common Stock during the ten (10) consecutive trading day period ending and including the trading day of the applicable conversion notice, a Conversion Floor Price Condition (as defined in the Certificates of Designations governing the Series C Preferred Stock and Series D Preferred Stock) shall be deemed to have occurred with respect to such conversion of the Series C Preferred Stock or Series D Preferred Stock, as applicable.

During the year ended June 30, 2024, in addition to the issuances on August 17, 2023, and on October 6, 2023, as part of the Further Settlements, the Company issued 200 shares at $20.00 per share on November 3, 2023, 65 shares at $15.41 per share on November 10, 2023, 91 shares at $10.92 per share on November 17, 2023, 103 shares at $9.72 per share on November 24, 2023, 143 shares at $7.00 per share December 1, 2023, at 90% of the lowest VWAP per share of the Common Stock during the ten consecutive trading day period ending and including the trading day immediately preceding the additional share settlement.

Due to the down round price protection provision on the Series C Preferred Stock and Series D Preferred Stock, the Company recorded a deemed dividend within stockholders' equity associated with the reduction in conversion price in effect prior to the Further Settlements for both the Series C Preferred Stock and Series D Preferred Stock to the conversion price as defined above, of $20,362,772 based on the incremental value to the Holder due to the conversion price reduction. The incremental value was determined by computing the additional shares the Series C Preferred Stock and Series D Preferred Stock that would be received based on the conversion price reduction multiplied by the estimated fair value of Common Stock of $77.40 as of August 17, 2023, $38.60 as of October 6, 2023, $17.04 as of November 10, 2023, $11.92 as of November 17, 2023, $10.88 as of November 24, 2023, $7.44 as of December 1, 2023.

Further, after the Reverse Stock Split December 2023, the conversion price of the Series C Preferred Stock and Series D Preferred Stock was adjusted pursuant to section 9(d)i of the Series C Preferred Stock and Series D Preferred Stock Certificates of Designations whereby the conversion price was set to $2.2997 based off of 80% of the average of the 3 lowest VWAPs between the period December 22, 2023 and January 18, 2024. This resulted in an additional incremental value of $3,586,295.

The total incremental value from the down round price protection and from the adjustment pursuant to the reverse stock split is presented on the unaudited consolidated statement of operations as an addition to the net loss available to common stockholders of $23,949,067 in the year ended June 30, 2024.

- As discussed below, the Company obtained a partial waiver of the Holder's Redemption Amounts, for the year ended June 30, 2024, the Company sold an aggregate of 515,394 shares through "at the market" (or "ATM") sales ("ATM Sales") for gross proceeds of $5,452,460. The net proceeds from these ATM Sales under the ATM equity offering program of approximately $5,248,886 were allocated 50% to the Company, and 50% to the Holder, pursuant to the October Settlement Agreement. Fees paid to the agent related to these ATM Sales were $203,574.

  As of June 30, 2024, there were no remaining Redemption Proceeds (as defined below) instructed for deposit into the Escrow Account for the Holder. During the year ended June 30, 2024, there was $2,295,822 of the Redemption Proceeds (as defined below) disbursed from the Escrow Account to the Holder for redemption of $2,609,011 of Series D Preferred Stock and $8,931 in accrued dividends for 2,489 shares of Series D Preferred Stock. As of Jun e 30, 2024, the following these conversions, the number Series D Preferred Stock shares outstanding reduced to 1,811 from 4,300 at June 30, 2023, and $1,903,252 in aggregate amount of the Series D Preferred Stock remained outstanding, offset by a remaining discount of $630,952 that is being amortized on a straight line basis through March 7, 2026.

- During the year ended June 30, 2024, in connection with the rounding up from the Reverse Stock Split December 2023, the Company issued 81,051 shares of Common Stock at par value.

The following is a summary of Common Stock issuances for the year ended June 30, 2023

- During the year ended June 30, 2023, as part of the September 2022 Offering, the Company sold 750 units at $10,000, consisting of one share of Common Stock and one warrant with an exercise price of $10,000, for gross proceeds of $7,536,000. The Company recorded the issuance of these shares at a fair value of $1,568,130 comprised of $6,854,418 of cash received from the offering equal to the gross proceeds, net of $681,582 issuance costs, and net of the fair value of the September 2022 Warrant liability of $5,286,288, calculated on issuance. The proceeds from the offering were designated for general working capital and to pay to the Holder of the Senior Convertible Note an amount of $2,778,427, including $2,265,928 equal to 50% of the gross proceeds over $2,000,000 following the payment of 7% in offering fees including underwriting discounts and $512,500 equal to the Holders participation in the September 2022 Offering, that was applied as a reduction of principal (see Note 10).

- During year ended June 30, 2023, as part of the December Registered Direct Offering, the Company sold: (a) 177 shares of Common Stock to the Holder (the "Registered Direct Shares") and (b) Pre-funded Warrants to purchase 447 shares of our Common Stock at a price of $3,748 per warrant (the "Pre-funded Warrants"), directly to the Holder, with all but $40.00 per warrant prepaid to the Company at the closing. The Company recorded the issuance of these shares at a fair value of $2,316,686 comprised of $2,316,686 of cash received from the offering equal to the gross proceeds, net of $170,001 issuance costs, $2,146,685. The Company remitted approximately $1,073,343 to the Holder to be applied to accrued interest and future interest payments under the Senior Convertible Note. The net proceeds received by the Company, after deducting underwriting discounts and commissions and offering expenses payable by the Company and amounts remitted to the Holder was $1,073,343. The Holder redeemed all 447 Pre-funded warrants for additional net proceeds of $17,850.

- During the year ended June 30, 2023, the Company and the Holder of our Senior Convertible Note effected debt for equity exchanges under the Senior Convertible Note of $19,261,583 in aggregate principal amount of the Senior Convertible Note for an aggregate of 5,603 shares of our Common Stock and recorded a loss on extinguishment of the Senior Convertible Note of $3,616,372 related to the conversions.

- During the year ended June 30, 2023, the Holder exchanged $629,000 in Series C Preferred Stock and $8,500 in accrued dividends, for 1,027 shares of our common stock at conversion prices equal to 90% of the lowest VWAP (as defined in the Senior Convertible Note) of our common stock for a trading day during the ten consecutive trading day period ending, and including, the applicable date that the conversion price was lowered for purposes of a conversion, or the floor price then in effect.

- During the year ended June 30, 2023, in connection with his appointment as Chief Executive Officer, the Company granted the Chief Executive Officer, Mr. Igelman, an award of 63 shares of Common Stock at a price of $2,944 per share.

- During the year ended June 30, 2023, the Company issued 277 shares of Common Stock to settle payables of $131,330.

- During the year ended June 30, 2023, in connection with the Reverse Stock Split February 2023, the Company issued 92 shares of Common Stock at par value.

Equity Distribution Agreement

On September 15, 2023, the Company entered into an Equity Distribution Agreement with Maxim Group LLC ("Maxim Group") under which the Company sold, from time to time at its sole discretion, shares of the Company's Common Stock, par value $0.001 per share, with aggregate gross sales proceeds of up to $7,186,257 through an ATM equity offering program under which Maxim Group acted as sales agent.

Under the Equity Distribution Agreement, the Company set the parameters for the sale of shares, including the number of shares to be issued, the time period during which sales are requested to be made, limitations on the number of shares that may be sold in any one trading day and any minimum price below which sales may not be made. Subject to the terms and conditions of the Equity Distribution Agreement, Maxim Group sold the shares by methods deemed to be an ATM equity offering as defined in Rule 415 promulgated under the Securities Act, including by means of ordinary brokers' transactions at market prices, in block transactions or as otherwise agreed by Maxim and the Company.

The Equity Distribution Agreement provided that Maxim Group was entitled to compensation for its services equal to 3.0% of the gross proceeds of any shares of Common Stock sold through Maxim Group under the Equity Distribution Agreement. The Company had no obligation to sell any shares under the Equity Distribution Agreement, and could have at any time suspended solicitation and offers under the Equity Distribution Agreement.

The shares were issued pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-252370) and its registration on Form S-3 MEF (File No. 333-274542). The Company filed a prospectus supplement, dated September 15, 2023, with the SEC in connection with the offer and sale of the shares pursuant to the Equity Distribution Agreement (the "Prospectus Supplement").

The Equity Distribution Agreement contained customary representations, warranties and agreements of the Company and customary conditions to completing future sale transactions, indemnification rights and obligations of the parties and termination provisions.

As part of the filing of the Equity Distribution Agreement, the Company entered into a waiver agreement ("EDA Waiver") on September 15, 2023, with the Holder of the Series C Preferred Stock and the Series D Preferred Stock, as a condition to filing the registration statement on Form S-3 MEF on September 15, 2023 and the prospectus supplement on September 15, 2023 for the "at the market" offering. The EDA Waiver allowed the Company to proceed with the initial filing of such registration statement and prospectus supplement with the SEC and not with respect to (x) any subsequent amendment or supplement thereto, (y) the issuance and sale of any of the Company's securities contemplated by thereby or (z) any future Subsequent Placement (as defined in the Securities Purchase Agreement, dated April 30, 2023, among the Company and the buyers named therein).

The Company is unable to further use the ATM facility due to its voluntary delisting and suspension from Nasdaq and subsequent trading on the OTC.

The Company also entered into a waiver agreement ("October 2023 Waiver") on October 6, 2023, with the Holder, as a condition to access any net proceeds from the future sale of shares of Common Stock under the Company's previously announced ATM equity offering program pursuant to a prospectus supplement that was filed with the SEC on September 15, 2023. The Holder agreed to partially waive its rights to ATM proceeds under the terms of a Subsequent Placement Optional Redemption, as defined in each of the Preferred Stock Certificates of Designations, but only with respect to sales under the ATM equity offering program ("ATM Sales") and not with respect to any other future Subsequent Placement (as defined in each of the Series C and Series D Preferred Stock Certificates of Designations) and, further, only to the extent of a waiver that provide that 50% of the net proceeds from ATM Sales (after deducting the agent's commissions pursuant to the ATM offering and other reasonable and customary offering expenses) be retained by the Company and the remaining 50% of the net proceeds from ATM Sales be used by the Company to redeem first, the outstanding shares of Series D Preferred Stock and second, the outstanding shares of Series C Preferred Stock ("Redemption Proceeds"), unless the Holder elects to change such allocations (or waive such redemption, in whole or in part, with respect to one or more ATM Sales) as evidenced by a written notice to the Company ("Subsequent Placement Limited Waiver"). Concurrent with the execution of the October 2023 Settlement Agreement, the Company executed an escrow agreement ("Escrow Agreement") with an independent third-party escrow agent ("Escrow Agent"), pursuant to which Redemption Proceeds received from each closing of ATM Sales shall be promptly deposited into a non-interest bearing escrow account ("Escrow Account") and disbursed to the Holder under the terms and conditions contained in the August 2023 Settlement Agreement and the Escrow Agreement.

Common Stock Warrants and Preferred Stock Warrants

On August 15, 2023, as described above, the Company closed the August RD SPA agreement with the Holder. The August RD SPA relates to the offering of

(i) 2,500 shares of our Common Stock, $0.001 par value per share, for a price of $77.40 per share, directly to the Holder, and

(ii) pre-funded warrants to purchase 10,420 shares of our Common Stock at a price of $77.40 per warrant, directly to such Holder, with all but $0.40 per warrant prepaid to the Company at the closing of the offering. The August RD Pre-funded Warrants were exercisable immediately upon issuance and were entirely exercised on August 16, 2023 at $77.40 per share of Common Stock, of which $77.00 was prepaid.

On May 22, 2023, as described below, the Company closed the issuance of the Series D Preferred Stock, that included the issuance of

(i) 4,300 shares of Series D Preferred Stock for a price of $1,000 per share,

(ii) Common Warrants to purchase 3,583 shares of our Common Stock at a price of $784.00 per share (the "Series D Common Warrants"), and

(iii) preferred warrants to purchase 4,300 shares of our Series D Preferred Stock at a price of $1,000 per share,

for total gross proceeds to the Company of $4,300,000 before deducting underwriting discounts and commissions of $341,000, for net proceeds of $3,959,000, with the Series D Preferred Warrants to purchase the Series D Preferred Stock as a potential source of additional funds.

Series D Convertible Preferred Stock Common Warrants

The 3,583 Series D Common Warrants may be exercised at any time after issuance for one share of Common Stock of the Company at a price of $784.00 per share. The Series D Common Warrants also contain a beneficial ownership limitation of 9.99%, provided that any such increase will not be effective until the 61st day after delivery of a notice to the Company of such increase. The warrants are not callable by the Company.

A summary of the Common Stock warrant activity follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)	Intrinsic Value
Outstanding, June 30, 2022	565	567,600	4.07	—
Issued	4,869	2,306		
Exercised	(446)	40		
Forfeited or cancelled	(50)	700,000		
Outstanding June 30, 2023	4,938	218,476	4.63	—
Issued	10,420	77.40		
Exercised	(10,420)	77.40		
Forfeited or cancelled	-	-		
Outstanding June 30, 2024	4,938	218,476	3.62	—

Common Stock Options

On September 10, 2020, the Board adopted the 2020 Equity and Incentive Plan (the "2020 Plan") that provides for the issuance of incentive and non-qualified stock options, restricted stock, restricted stock units and stock appreciation rights to officers, employees, directors, consultants, and other key persons. Under the 2020 Plan, the maximum number of shares of Common Stock authorized for issuance was 38 shares. Each year on January 1, for a period of up to nine years, the maximum number of shares authorized for issuance under the 2020 Plan is automatically increased by 6 shares. At June 30, 2024, there was a maximum of 61 shares of Common Stock authorized for issuance under the 2020 Plan. There were no additional equity awards eligible for issuance from the 2017 Stock Incentive Plan that had been adopted by the Company on August 1, 2017. The outstanding stock options granted under the 2017 Stock Incentive Plan were transferred to the 2020 Plan. As of June 30, 2024, there were 55 shares of Common Stock available for future issuance under the 2020 Plan. On January 3, 2023, separate from the 2020 Plan, the Company issued an award of 63 time-based stock options to the Chief Executive Officer with an exercise price of $2,944 per option. The Chief Executive Officer's stock options vested in equal quarterly installments over a one-year period on the applicable vesting dates.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, June 30, 2022	28	$ 49,440
Granted	63	2,944
Exercised	-	-
Cancelled	(14)	246,617
Outstanding, June 30, 2023	77	$ 49,552
Granted	-	-
Exercised	-	-
Cancelled	(8)	61,189
Outstanding, June 30, 2024	69	$ 27,535

As of June 30, 2024, the weighted average remaining life of the options outstanding was 7.9 years. There are 69 options exercisable at June 30, 2024, with a weighted average exercise price of $27,535. As of June 30, 2024, there was no remaining unamortized stock compensation for stock options.

Preferred Stock

The Company is authorized to issue 10,000,000 shares of blank check preferred stock.

Series C Convertible Preferred Stock and Series D Convertible Preferred Stock

Reclassification of the Series C Convertible Preferred Stock

The Company assesses classification of its equity-linked instruments at each reporting date to determine whether a change in classification between equity and liabilities (assets) is required. The Company can make an accounting policy election on the allocation order and choose the policy that management determines is most favorable. The Company elected to reclassify outstanding instruments based on allocating the unissued shares to contracts with the latest inception date resulting in the contracts with the earliest inception date being recognized as liabilities first. Due to the issuances of shares during the year ended June 30, 2024, and the lack of authorized and unissued shares available, the Company was required to assess its classification of its equity instruments during this period. On December 5, 2023 the Company determined it did not have enough authorized and unissued shares to satisfy the Series C Preferred Stock and using the last contract entered into sequencing election. The Company determined that it was required to reclassify the Series C Preferred Stock out of stockholders' equity and the carrying amount of the Series D Preferred Stock was reclassed to Mezzanine equity in the unaudited consolidated balance sheet and the Company determined that a derivative related to the conversion feature was required. The carrying amount of the Series C Preferred Stock was reclassed to Mezzanine equity in the unaudited consolidated balance sheet at an amount of $3,524,665, less the $1,820,000 Original Series C Derivative value that was recorded as a discount to the Series C Preferred Stock, that was immediately accreted to the Series C Preferred Stock.

Reclassification of the Series D Convertible Preferred Stock

On February 20, 2024, the last day the Company traded on Nasdaq, the Company assessed the classification of its equity-linked instruments to determine whether the Company had enough authorized and unissued shares to satisfy the Series D Preferred Stock and using the last contract entered into sequencing election. Previous to this date the Series D Preferred Stock was limited by the Nasdaq listing rules on certain instruments. On February 20, 2024 the Company determined it did not have enough authorized and unissued shares to satisfy the Series D Preferred Stock and using the last contract entered into sequencing election. The Company determined that it was required to reclassify the Series D Preferred Stock out of stockholders' equity and the carrying amount of the Series D Preferred Stock was reclassed to Mezzanine equity in the unaudited consolidated balance sheet and the Company determined that a derivative related to the conversion feature was required consistent with the Series C Preferred Stock. The carrying amount of the Series D Preferred Stock was reclassed to Mezzanine equity in the unaudited consolidated balance sheet at an amount of $1,759,629, less the $422,141 Original Series D Derivative value that was recorded as a discount to the Series D Preferred Stock, that was immediately accreted to the Series D Preferred Stock.

Agreement to Amend and Restate the Terms of the Series C Convertible Preferred Stock and Series D Convertible Preferred Stock

On March 7, 2024, in connection with the Secured Note Agreement, the Company amended and restated its Series C Preferred Stock and Series D Preferred Stock Certificates of Designations (the "Series C and Series D Preferred Stock Certificates of Designations"), the transactions included the following key amendments:

- A six month standstill on certain conversions through September 7, 2024;
- After the standstill a limit on certain conversions to $150,000 per month;
- Removal of the Floor Price and Conversion Floor Price Condition, as defined in the previous filed Series C and Series D Preferred Stock Certificates of Designations;
- A Maturity Date of March 7, 2026, was added, at what time the Preferred Stock becomes redeemable for cash;
- No dividends on the outstanding balances through the new Maturity Date unless there is a triggering event as defined in the Series C and Series D Preferred Stock Certificates of Designations;
- Amendments to the Subsequent Placement Optional Redemption, as defined in the Series C and Series D Preferred Stock Certificates of Designations, such that the first $10,000,000 raised by the Company, (including the $1,420,000 from the Secured Note), would be excluded from being used to repay down the Series C Preferred Stock and Series D Preferred Stock, per the terms of the Series C and Series D Preferred Stock Certificates of Designations, if it is used on operating expenses in its ordinary course of business.

The amendments resulted in an extinguishment of the Series C Preferred Stock and the Series D Preferred Stock and they were recorded at their new fair value.

On March 7, 2024, the date of the amendments, the Series C Preferred Stock was extinguished and recorded to a fair value of $2,191,543, and a gain on extinguishment of $1,132,872 was recorded in additional paid-in capital in the unaudited consolidated balance sheet and as a gain on extinguishment in the net loss attributable to common stockholders. The Company also recorded a derivative of $224,762 related to the Series C Preferred Stock. The difference between the fair value and the stated value of the Series C Preferred Stock created a total discount of the $1,357,634 on the Series C Preferred Stock that is accreted on a straight line basis over the two year period to the maturity date of March 7, 2026, up to the stated value of $3,549,177. As of June 30, 2024, $214,959 of the discount was accreted out to the Series C Preferred Stock.

On March 7, 2024, the date of the amendments, the Series D Preferred Stock was extinguished and recorded to a fair value of $1,153,604, and a gain on extinguishment of $629,145 was recorded in additional paid-in capital in the unaudited consolidated balance sheet and as a gain on extinguishment in the net loss attributable to common stockholders. The Company also recorded a derivative of $120,501 related to the Series D Preferred Stock. The difference between the fair value and the stated value of the Series D Preferred Stock created a total discount of the $749,646 on the Series D Preferred Stock that is accreted on a straight line basis over the two year period to the maturity date of March 7, 2026, up to the stated value of $1,903,252. As of June 30, 2024, $118,694 of the discount was accreted out to the Series D Preferred Stock.

During the year ended June 30, 2024, the Company had recorded dividends in total of $589,421, and Alternate Conversion Floor Amounts (as defined in the Series C and Series D Preferred Stock Certificates of Designations) of $4,805,990 and $0 for the Series C Preferred Stock and the Series D Preferred Stock, respectively. The Series C Preferred Stock, had a stated value of $3,549,177 and $14,805,438, with cumulative dividends accrued, including the Alternative Conversion Floor Amounts (as defined in the Series C and Series D Preferred Stock Certificates of Designations), in total of $1,774,177 and $204,414, and per share of $1,000 and $14, as of June 30, 2024 and June 30, 2023, respectively. The Series D Preferred Stock, had a total value of $1,903,252 and $4,337,267, with cumulative dividends accrued, (as defined in the Series C and Series D Preferred Stock Certificates of Designations), in total of $92,189 and $37,267, and per share of $51 and $9, as of June 30, 2024 and June 30, 2023, respectively.

The incremental value of the Alternate Conversion Floor Amounts make whole provisions of $4,805,990, for the year ended June 30, 2024, is presented on the unaudited consolidated statement of operations as an addition to the net loss available to common stockholders.

The August 2023 Settlement Agreement provided that, notwithstanding anything in the applicable Certificate of Designations for the Series C Preferred Stock or Certificate of Designations for the Series D Preferred Stock to the contrary, with respect to any given conversion of any Series C Preferred Stock or Series D Preferred Stock, to the extent such conversion price, as so adjusted, is greater than 90% of the lowest VWAP of the Common Stock during the ten consecutive trading day period ending and including the trading day of the applicable conversion notice, a conversion floor price condition (as defined in the Certificates of Designations governing the Series C Preferred Stock and Series D Preferred Stock) shall be deemed to have occurred with respect to such conversion of the Series C Preferred Stock or Series D Preferred Stock, as applicable.

As part of the August 2023 Settlement Agreement and the October 2023 Settlement Agreement and subsequent Further Settlements, the Company triggered the anti-dilution down round price protection provisions of the Series C Preferred Stock and Series D Preferred Stock that allows for the conversion at the conversion price described above. Due to the down round price protection provision on the Series C Preferred Stock and Series D Preferred Stock, the Company recorded a deemed dividend within stockholders' equity associated with the reduction in conversion price in effect prior to each settlement to the price of the settlement, as applicable, and as adjusted pursuant to section 9(d)i of the Series C and Series D Preferred Stock Certificates of Designations whereby the conversion price was set to $2.2997 based off of 80% of the average of the 3 lowest VWAPs during the 16 trading days following the Reverse Stock Split December 2023 date of December 22, 2023. The total incremental value is presented on the unaudited consolidated statement of operations as an addition to the net loss available to common stockholders of $23,949,067 in the year ended June 30, 2024 (as described above). The incremental value was determined by computing the additional shares the Series C Preferred Stock and Series D Preferred Stock that would be received based on the conversion price reduction multiplied by the estimated fair value of Common Stock of $77.40 as of August 17, 2023, $38.60 as of October 6, 2023, $17.04 as of November 10, 2023, $11.92 as of November 17, 2023, $10.88 as of November 24, 2023, $7.44 as of December 1, 2023 and $2.2997 as of December 19, 2023 (as described above).

Registration Right Agreement

As discussed above, pursuant to a Series D RRA between the Holder and the Company, the Company granted certain registration rights to the Investor. The Series D SPA required the Company to file a registration statement covering the resale of the shares of Common Stock underlying the shares of Series D Preferred Stock to be issued in the offering and the shares of Common Stock issued upon exercise of the Common Warrants. The Series D SPA also covered the conversion of any shares of Series D Preferred Stock issued upon exercise of the Series D Preferred Warrants. The Company was required to file the registration statement within 60 days from the closing of the transactions contemplated by the Series D SPA and cause the registration statement to be declared effective within 120 days after the closing of the transactions contemplated by the Securities Purchase Agreement. The Series D SPA contained mutual customary indemnification provisions among the parties and required the Company to make certain cash payments in connection with the delay in the filing of a registration statement for the purpose of registering the resale of the Common Stock issuable under the Holder's Series D Preferred Stock and common warrants, despite the Company's best efforts. On the amendment of the Series D Preferred Stock there is no longer a requirement to have the shares registered.

Stock-Based Compensation

During the year ended June 30, 2024, the Company recorded stock-based compensation expense of $42,156, for the amortization of stock options and the issuance of Common Stock to employees and contractors for services which has been recorded as general and administrative expense in the unaudited consolidated statements of operations. During the year ended June 30, 2023, the Company recorded stock-based compensation expense of $1,148,149, for the amortization of stock options and the issuance of Common Stock to employees and contractors for services which has been recorded as general and administrative expense in the unaudited consolidated statements of operations.

As of June 30, 2024, there was no remaining unamortized stock compensation for stock options. No options were granted during the year ended June 30, 2024.

As of June 30, 2023, other than the amounts related to the Chief Executive Officer's stock options of $42,156 with a weighted-average recognition period of 0.5 years, there was no remaining unamortized stock compensation for stock options. Other than the 63 options granted to the Chief Executive Officer on January 3, 2023, no other options were granted during the year ended June 30, 2023. The options granted to the Chief Executive Officer during the year ended June 30, 2023 were valued using the Black-Scholes option pricing model using the following weighted average assumptions:

		Year ended June 30, 2023
Expected term, in years		5
Expected volatility		164.62%
Risk-free interest rate		4.09%
Dividend yield		—
Grant date fair value	$	1,472.00

Note 15 – Other Non-Operating Income (Loss), Net

Other non-operating income (loss), net, for the years ended June 30, 2024 and 2023 was as follows:

		June 30, 2024		June 30, 2023
Foreign exchange loss	$	(401,252)	$	(108,175)
Other non-operating loss		(62,742)		(52,101)
Total	$	(463,994)	$	(160,276)

Note 16 – Fair Value Measurements

The following financial instruments were measured at fair value on a recurring basis:

	June 30, 2024							
		Total		Level 1		Level 2		Level 3
Liability for the March 2022 Warrants (Note 10)	$	13,800	$	13,800	$	-	$	-
Liability for the September 2022 Warrants (Note 10)	$	-	$	-	$	-	$	-
Liability for the Series D Preferred Stock Warrants (Note 10)	$	625,908	$	-	$	-	$	625,908
Derivative Liability (Note 10)	$	351,011	$	-	$	-	$	351,011

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Liability for the March 2022 Warrants (Note 10)	$ 113,850	$ 113,850	$ -	$ -
Liability for the September 2022 Warrants (Note 10)	$ 251,876	$ -	$ -	$ 251,876

A summary of the changes in Level 3 financial instruments for the year ended June 30, 2024 and the year ended June 30, 2023 is as follows:

	Warrant Liability	Contingent Consideration	Derivative liability
Balance at June 30, 2022	122,730	3,328,361	9,399,620
Fair value of the September 2022 Warrants (Note 10)	5,286,288	-	-
Change in fair value of September 2022 Warrants (Note 10)	(5,034,412)	-	-
Change in fair value of Series A and Series B Warrants issued with Senior Convertible Note (Note 10)	(122,730)	-	-
Change in fair value of Bethard contingent consideration liability	-	2,864,551	-
Elimination of Bethard contingent consideration liability on sale of Bethard	-	(6,192,912)	-
Change in the fair value of the derivative liability (Note 10)	-	-	(9,399,620)
Balance at June 30, 2023	251,876	$ -	$ -
Change in fair value of September 2022 Warrants (Note 10)	(251,876)	-	-
Bifurcation of the Original Series C Derivative liability	-	-	1,820,000
Change in the fair value of the Original Series C Derivative liability (Note 10)	-	-	536,698
Change in fair value of the Series D Preferred Stock Warrants (Note 10)	625,908	-	-
Bifurcation of the Original Series D Derivative liability	-	-	422,141
Change in the fair value of the Original Series C Derivative liability (Note 10)	-	-	306,888
Change in the fair value of the Original Series D Derivative liability (Note 10)	-	-	150,361
Extinguishment of the Original Series C Derivative (Note 10)	-	-	(2,663,586)
Extinguishment of the Original Series D Derivative (Note 10)	-	-	(572,502)
Bifurcation of the New Series C Derivative liability	-	-	224,762
Bifurcation of the New Series D Derivative liability	-	-	120,501
Change in the fair value of the derivative liability (Note 10)	-	-	5,748
Balance at June 30, 2024	$ 625,908	$ -	$ 351,011

The contingent consideration was settled on February 24, 2023, as part of the disposal of the Bethard Business and the derivative liability were eliminated on the April 28, 2023, on the conversion of the Senior Convertible Note to the Series C Preferred Stock (Note 10). Derivative liabilities were recorded on the Series C Preferred Stock and Series D

Preferred Stock as the Company did not have enough authorized and unissued shares to settle all the outstanding balance (Note 10). The Original Series C Derivative liability and the Original Series D Derivative liability were extinguished on the amendment and the New Series C Derivative liability and the New Series D Derivative liability were recorded (Note 10).

The Series D Preferred Stock Warrants were classified as Level 3 as they are not publicly traded (Note 10). The Series D Preferred Stock Warrants were valued using a Monte Carlo valuation model for the warrants outstanding at February 20, 2024 on the delisting and June 30, 2024 with the following assumptions:

	June 30, 2024	February 20, 2024
Contractual term, in years	2.00	1.25
Expected volatility	161%	164%
Risk-free interest rate	4.50%	4.75%
Dividend yield	-	-
Conversion / exercise price	$ 1,000	$ 1,000

On February 20, 2024 the Series D Preferred Stock Warrants had zero value due to the value of the Series C Preferred Stock and Series D Preferred Stock and related derivative liabilities and the credit and non-performance risk assumptions.

The September 2022 Warrants were classified as Level 3 as they are plain vanilla warrants and are not callable by the Company (Note 10). The September 2022 Warrants were valued using a Black Scholes valuation model for the warrants outstanding at June 30, 2024 and June 30, 2023 with the following assumptions:

	June 30, 2024	June 30, 2023
Contractual term, in years	5.00	5.00
Expected volatility	156%	154%
Risk-free interest rate	4.50%	4.27%
Dividend yield	-	-
Conversion / exercise price	$ 10,000	$ 10,000

The March 2022 Warrants were classified as Level 1 as they are publicly traded. They are callable by the Company if certain criteria are met (Note 10). The March 2022 Warrants outstanding at June 30, 2024 and June 30, 2023 were valued using the following trading price information:

	June 30, 2024	June 30, 2023
Contractual term, in years	5.00	5.00
Active market	OTC	Nasdaq
Market price	$ 32	$ 264

The Series A Warrants outstanding at June 30, 2024 and June 30, 2023 were valued using a Monte Carlo valuation model with the following assumptions:

	June 30, 2024	June 30, 2023
Contractual term, in years	4.00	4.00
Expected volatility	184%	152%
Risk-free interest rate	4.70%	4.90%
Dividend yield	—	—
Conversion / exercise price	$ 700,000	$ 700,000

The Series B Warrants expired on June 2, 2023.

The value of the Original Series C Derivative liability on the Series C Preferred Stock at March 7, 2024, the date of the amendment and December 5, 2023, the date of reclassification of the Series C Preferred Stock, was valued using a nonperformance risk adjusted Monte Carlo valuation model using total assets with the following valuation assumptions:

	March 7, 2024	December 5, 2023
Contractual term remaining, in years	0.82	1.00
Discount rate	25.00%	25.00%
Expected volatility	174%	162%
Risk-free interest rate	4.95%	4.67%
Dividend rate	8.00%	8.00%
Dividend rate as of valuation date	8.50%	8.50%
Conversion / exercise price	$ 2.2997	$ 7.00

The value of the Original Series D Derivative liability on the Series D Preferred Stock at March 7, 2024, the date of the amendment and February 20, 2024, the date of reclassification of the Series D Preferred Stock, was valued using a nonperformance risk adjusted Monte Carlo valuation model using total assets with the following valuation assumptions:

	March 7, 2024	February 20, 2024
Contractual term remaining, in years	1.21	1.25
Discount rate	25.00%	25.00%
Expected volatility	174%	164%
Risk-free interest rate	4.72%	4.75%
Dividend rate	8.00%	8.00%
Dividend rate as of valuation date	8.50%	8.50%
Conversion / exercise price	$ 2.2997	$ 2.2997

The value of the derivative liability on the Series C Preferred Stock and Series D Preferred Stock at June 30, 2024 and March 7, 2024, subsequent to the amendment, were valued using a nonperformance risk adjusted Monte Carlo valuation model using total assets with the following valuation assumptions:

	June 30, 2024	March 7, 2024
Contractual term remaining, in years	1.93	2.00
Discount rate	25.00%	25.00%
Risk-free interest rate	4.50	4.39
Conversion / exercise price	$ 2.2997	$ 2.2997

The fair value of a derivative instrument in a liability position includes measures of the Company's nonperformance risk. Significant changes in nonperformance risk used in the fair value measurement of the derivative liability may result in significant changes to the fair value measurement. The calculated make-whole liability may differ materially from the amount the Company may be required to pay under the Series C Preferred Stock and Series D Preferred Stock.

The following is information relative to the Company's derivative instruments in the unaudited consolidated balance sheet as of June 30, 2024:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	June 30, 2024
Derivative liability on Series C Convertible Preferred Stock and Series D Convertible Preferred Stock (Note 10)	Derivative liability	$ 351,011

The effect of the derivative instruments on the unaudited consolidated statements of operations is as follows:

Derivatives Not Designated as Hedging Instruments	Location of Loss Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives	
		Year ended June 30, 2024	Year ended June 30, 2023
Derivative liability (Note 10)	Change in fair value of derivative liability (Note 10)	$ (999,695)	$ 7,435,687

Assets Measured on a Nonrecurring Basis

Assets that are measured at fair value on a nonrecurring basis are remeasured when carrying value exceeds fair value. This includes the evaluation of long-lived assets, goodwill and other intangible assets for impairment. The Company's estimates of fair value required it to use significant unobservable inputs, representative of Level 3 fair value measurements, including numerous assumptions with respect to future circumstances that might directly impact each of the relevant asset groups' operations in the future and are therefore uncertain.

The Company assesses the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates goodwill for impairment at least annually or when triggering events occur. The Company assesses the fair value of goodwill using the income approach. Inputs used to calculate the fair value based on the income approach primarily include estimated future cash flows, discounted at a rate that approximates the cost of capital of a market participant.

The Company uses undiscounted future cash flows of the asset or asset group for equipment and intangible assets. The Company estimated the fair value when conducting the long-lived asset impairment tests primarily using an income approach and used a variety of unobservable inputs and underlying assumptions consistent with those discussed above for purposes of the Company's goodwill impairment test (See Note 6 and Note 7).

Note 17 – Segment Information

The Company operates its business and reports its results through two complementary operating and reportable segments: EEG iGaming and EEG Games, in accordance with ASC Topic 280, Segment Reporting.

EEG iGaming includes the Company's iGaming casino. Currently, the Company operates the business to consumer segment primarily in Europe.

EEG Games' focus is on providing esports entertainment experiences to gamers through a combination of: (1) our proprietary infrastructure software, GGC, which underpins our focus on esports and is a leading provider of local area network ("LAN") center management software and services, enabling us to seamlessly manage mission critical functions such as game licensing and payments, and (2) the creation of esports content for distribution. Currently, we operate the majority of our esports EEG Games business in the United States and Europe.

Operating segments are components of the Company for which separate discrete financial information is available to and evaluated regularly by the chief operating decision maker ("CODM"), who is the Company's Chief Executive Officer, in making decisions regarding resource allocation and assessing performance. The CODM assesses a combination of metrics such as revenue and Adjusted Segment EBITDA to evaluate the performance of each operating and reportable segment.

The Company utilizes Adjusted Segment EBITDA (as defined below) as its measure of the performance of its operating segments. The following table highlights the Company's revenues and Adjusted Segment EBITDA for each reportable segment and reconciles Adjusted Segment EBITDA on a consolidated basis to net loss. Total capital expenditures for the Company were not material to the unaudited consolidated financial statements.

A measure of segment liabilities has not currently been provided to the Company's CODM and therefore is not shown below. Segment assets are shown due to the significant asset impairment charges recorded during the year ended June 30, 2024. The following tables present the Company's segment information:

	June 30, 2024	June 30, 2023
	(Unaudited)	(Unaudited)
Assets:		
EEG iGaming segment	$ 738,565	$ 15,275,501
EEG Games segment	$ 2,581,591	$ 4,486,563
Other Corporate	$ 100,831	$ 2,339,227
Total	$ 3,420,987	$ 22,101,291

	For the year ended June 30, 2024	For the year ended June 30, 2023
Revenues:	(Unaudited)	(Unaudited)
EEG iGaming segment	$ 5,276,438	$ 19,690,722
EEG Games segment	$ 2,825,564	$ 3,275,082
Total	$ 8,102,002	$ 22,965,804
Adjusted EBITDA(1) (2)		
EEG iGaming segment	$ (1,355,099)	$ (2,542,357)
EEG Games segment	$ 65,215	$ (3,064,747)
Total Adjusted EBITDA	$ (1,289,884)	$ (5,607,104)
Adjusted for:		
Other corporate and overhead costs	$ (7,544,183)	$ (7,356,944)
Interest expense	$ (47,242)	$ (2,485,758)
Loss on disposal of assets	$ -	$ (3,497,221)
Gain on termination of lease	$ -	$ 799,901
Loss on extinguishment of senior convertible note	$ -	$ (1,821,013)
Change in fair value of derivative liability	$ (999,695)	$ 7,435,687
Change in fair value of warrant liability	$ (273,982)	$ 7,113,292
Change in fair value of contingent consideration	$ -	$ (2,864,551)
Other non-operating income (loss), net	$ (463,994)	$ (160,276)
Depreciation and amortization	$ (2,672,346)	$ (6,475,794)
Right of use asset amortization	$ (84,775)	$ (46,244)
Asset impairment charges	$ (12,981,142)	$ (16,135,000)
Stock-based Compensation	$ (42,156)	$ (1,148,147)
Legal Settlement	$ (500,000)	$ -
Cost of acquisition	-	$ (35,931)
Income tax benefit (expense)	$ -	$ (376)
Net loss	$ (26,899,399)	$ (32,285,479)

(1) The Company has no intersegment revenues or costs and thus no eliminations required.

(2) The Company defines Adjusted Segment EBITDA as earnings (loss) before, as applicable to the particular period, other corporate and overhead costs, interest expense; income taxes; depreciation and amortization, right of use asset amortization; stock-based compensation; legal settlements; loss on disposal of assets; cost of acquisitions; asset impairment charges; loss on extinguishment of senior convertible note; loss on conversion of senior convertible note; gain on termination of lease; change in fair value of derivative liability; change in fair value of

warrant liability; change in fair value of contingent consideration; and other non-operating income (loss), net, and certain other non-recurring, non-cash or non-core items (included in table above).

Note 18 – Income Taxes

During the years ended June 30, 2024 and 2023, the Company recorded no material current taxes, remained in a cumulative loss position in all jurisdictions, and maintained a full valuation allowance position against any deferred tax assets in the jurisdictions it operated in, thus recording no deferred tax benefits or expenses.

The Company applied the “more-likely-than-not” recognition threshold to all tax positions taken or expected to be taken in a tax return, which resulted in no unrecognized tax benefits as of June 30, 2024 and June 30, 2023, respectively. The Company regularly evaluates the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all of the deferred tax assets will not be realized.

Note 19 – Subsequent Events

Resignation of member of the Board of Directors

On August 6, 2024, Damian Mathews, a director of the Company, notified the Company that he would be resigning as a director of the Company. Mr. Mathews' resignation from the Board was effective on August 6, 2024. Mr. Mathews' decision to resign was not the result of any disagreement between Mr. Mathews and the Company.

OTHER INFORMATION

Unregistered Sales of Equity Securities and Use of Proceeds

During the year ended June 30, 2024, the Company sold the following shares of unregistered Common Stock on the date. The purchasers or recipients of our securities in these transactions were accredited investors, as defined in Regulation D**.**

Date	Purchaser/ Recipient	Security Type	Number of Securities	Consideration
July 1, 2023 – June 30, 2024	Holder of Series C Convertible Preferred Stock	Common Stock	526,503	Conversions of Series C Convertible Preferred Stock for shares of Common Stock
August 15, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	25	Settlement of $1,000 in Registration Delay Fees under the August 2023 Settlement Agreement
October 6, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	25	Settlement of $500 in Registration Delay Fees under the October 2023 Settlement Agreement
November 3, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	200	Settlement of $4,000 in Registration Delay Fees under the October 2023 Settlement Agreement
November 10, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	65	Settlement of $1,000 in Registration Delay Fees under the October 2023 Settlement Agreement
November 17, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	91	Settlement of $1,000 in Registration Delay Fees under the October 2023 Settlement Agreement

November 24, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	103	Settlement of $1,000 in Registration Delay Fees under the October 2023 Settlement Agreement
December 1, 2023	Holder of Series D Convertible Preferred Stock	Common Stock	143	Settlement of $1,000 in Registration Delay Fees under the October 2023 Settlement Agreement
January 5, 2024	Member of management	Preferred Stock (Series E)	100	$1,000

Issuer Certification

Principal Executive Officer:

I, Alex Igelman certify that:

1. I have reviewed this Disclosure Statement for Esports Entertainment Group;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

October 28, 2024

/s/ Alex Igelman, Chief Executive Office

Principal Financial Officer:

I, Andrew Woodman certify that:

1. I have reviewed this Disclosure Statement for Esports Entertainment Group;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

October 28, 2024

/s/ Andrew Woodman, Controller