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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2024**

OR

□ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

From the transition period from _____ to _____

Commission File Number **001-38819**

SUPER LEAGUE ENTERPRISE, INC.

(Exact name of small business issuer as specified in its charter)

Delaware	**47-1990734**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2856 Colorado Ave.,
Santa Monica, California 90404
(Address of principal executive offices)

Company: (213) 421-1920; Investor Relations: 203-741-8811
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No □

Indicate by check mark whether the registrant has submitted electronically on its corporate web site, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No □

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

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

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

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

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001 per share	SLE	NASDAQ Capital Market

As of November 11, 2024, there were 12,952,601 shares of the registrant's common stock, $0.001 par value, issued and outstanding.

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PART I

FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SUPER LEAGUE ENTERPRISE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Rounded to the nearest thousands, except share and per share data)

	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 289,000	$ 7,609,000
Accounts receivable	4,515,000	8,287,000
Prepaid expense and other current assets	782,000	862,000
Total current assets	5,586,000	16,758,000
Property and equipment, net	37,000	70,000
Intangible assets, net	4,698,000	6,636,000
Goodwill	1,864,000	1,864,000
Other receivable – noncurrent	395,000	-
Total assets	$ 12,580,000	$ 25,328,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 5,927,000	$ 10,420,000
Accrued contingent consideration	268,000	1,812,000
Promissory note - contingent consideration	1,765,000	-
Contract liabilities	154,000	339,000
Secured loan – SLR Facility	-	800,000
Total current liabilities	8,114,000	13,371,000
Accrued contingent consideration – noncurrent	-	396,000
Warrant liability	947,000	1,571,000
Total liabilities	9,061,000	15,338,000
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, par value $0.001 per share; 10,000,000 shares authorized; 20,592 and 23,656 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	-	-
Common stock, par value $0.001 per share; 400,000,000 shares authorized; 11,714,087 and 4,774,116 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	89,000	81,000
Additional paid-in capital	267,081,000	258,923,000
Accumulated deficit	(263,651,000)	(249,014,000)
Total stockholders' equity	3,519,000	9,990,000
Total liabilities and stockholders' equity	$ 12,580,000	$ 25,328,000

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE ENTERPRISE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Rounded to the nearest thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
REVENUE	$ 4,431,000	$ 7,195,000	$ 12,756,000	$ 15,569,000
COST OF REVENUE	2,706,000	4,655,000	7,653,000	9,512,000
GROSS PROFIT	1,725,000	2,540,000	5,103,000	6,057,000
OPERATING EXPENSE				
Selling, marketing and advertising	2,397,000	3,161,000	7,306,000	8,767,000
Engineering, technology and development	914,000	2,066,000	3,405,000	7,268,000
General and administrative	1,935,000	2,271,000	6,558,000	7,094,000
Contingent consideration	(68,000)	(462,000)	(15,000)	546,000
Loss on intangible asset disposal	-	-	-	2,284,000
Total operating expense	5,178,000	7,036,000	17,254,000	25,959,000
NET OPERATING LOSS	(3,453,000)	(4,496,000)	(12,151,000)	(19,902,000)
OTHER INCOME (EXPENSE)				
Gain on sale of intangible assets	-	-	144,000	-
Change in fair value of warrant liability	198,000	1,512,000	1,104,000	2,552,000
Loss on extinguishment of liability	(336,000)	-	(336,000)	-
Interest expense	(45,000)	-	(78,000)	(43,000)
Other	4,000	-	(30,000)	24,000
Total other income (expense)	(179,000)	1,512,000	804,000	2,533,000
Loss before benefit from income taxes	(3,632,000)	(2,984,000)	(11,347,000)	(17,369,000)
Benefit from income taxes	-	-	-	313,000
NET LOSS	$ (3,632,000)	$ (2,984,000)	$ (11,347,000)	$ (17,056,000)
Net loss attributable to common stockholders - basic and diluted				
Basic and diluted net loss per common share	$ (0.54)	$ (3.19)	$ (2.00)	$ (10.25)
Weighted-average number of common shares outstanding, basic and diluted	9,920,278	2,957,271	7,309,509	2,293,191

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE ENTERPRISE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Rounded to the nearest thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Preferred stock (Shares):				
Balance, beginning of period	22,858	19,892	23,656	10,323
Issuance of Series A-5 preferred stock at $1,000 per share	-	-	-	2,299
Issuance of Series AA preferred stock at $1,000 per share	-	-	-	7,680
Issuance of Series AA-2 preferred stock at $1,000 per share	-	-	-	1,500
Issuance of Series AA-3 preferred stock at $1,000 per share	-	-	-	1,025
Issuance of Series AA-4 preferred stock at $1,000 per share	-	-	-	1,026
Issuance of Series AA-5 preferred stock at $1,000 per share	-	-	-	550
Issuance of Series AAA Junior preferred stock at $1,000 per share	-	-	1,210	-
Issuance of Series AAA-2 Junior preferred stock at $1,000 per share	551	-	551	-
Issuance of Series AAA-3 Junior preferred stock at $1,000 per share	697	-	697	-
Issuance of Series AAA-4 Junior preferred stock at $1,000 per share	399	-	399	-
Conversion of Series A preferred stock to common stock	(96)	(1,218)	(571)	(5,729)
Conversion of Series AA preferred stock to common stock	(1,573)	(2,797)	(1,936)	(2,797)
Conversion of Series AAA preferred stock to common stock	(2,244)	-	(3,414)	-
Balance, end of period	20,592	15,877	20,592	15,877
Preferred stock (Amount, at Par Value):				
Balance, beginning of period	$ -	$ -	$ -	$ -
Issuance of Series A-5 preferred stock, $0.001 par value, at $1,000 per share	-	-	-	-
Issuance of Series AA preferred stock, $0.001 par value, at $1,000 per share	-	-	-	-
Issuance of Series AA-2 preferred stock, $0.001 par value, at $1,000 per share	-	-	-	-
Issuance of Series AA-3 preferred stock, $0.001 par value, at $1,000 per share	-	-	-	-
Issuance of Series AA-4 preferred stock, $0.001 par value, at $1,000 per share	-	-	-	-
Issuance of Series AA-5 preferred stock, $0.001 par value, at $1,000 per share	-	-	-	-
Issuance of Series AAA Junior preferred stock at $1,000 per share	-	-	-	-
Issuance of Series AAA-2 Junior preferred stock at $1,000 per share	-	-	-	-
Issuance of Series AAA-3 Junior preferred stock at $1,000 per share	-	-	-	-
Issuance of Series AAA-4 Junior preferred stock at $1,000 per share	-	-	-	-
Conversion of Series A preferred stock to common stock	-	-	-	-
Conversion of Series AA preferred stock to common stock	-	-	-	-
Conversion of Series AAA preferred stock to common stock	-	-	-	-
Balance, end of period	$ -	$ -	$ -	$ -
Common stock (Shares):				
Balance, beginning of period	7,242,978	2,416,741	4,774,116	1,880,299
Issuance of common stock at $2.60 per share, net of issuance costs	-	811,269	-	811,269
Exercise of prefunded common stock warrants at $2.60 per share, net of issuance costs	-	67,500	-	67,500
Common stock issued for Melon Acquisition	-	-	72,118	77,833
Common stock issued for Bannerfy Acquisition	-	8,984	-	8,984
Common stock issued for Super Biz Acquisition	-	-	30,662	49,398
Preferred stock dividends paid – common stock	1,925,613	-	2,552,593	-
Conversion of Series A preferred stock	12,628	99,463	58,215	499,216
Conversion of Series AA preferred stock	803,482	766,128	995,958	766,128
Conversion of Series AAA preferred stock	1,312,743	-	2,010,674	-
Stock-based compensation	416,643	-	444,751	9,458
Issuance of common stock in settlement of legal matter	-	-	775,000	-
Balance, end of period	11,714,087	4,170,085	11,714,087	4,170,085
Common stock (Amount):				
Balance, beginning of period	$ 85,000	$ 57,000	$ 81,000	$ 47,000
Issuance of common stock at $2.60 per share, net of issuance costs	-	16,000	-	16,000
Exercise of prefunded common stock warrants at $2.60 per share, net of issuance costs	-	1,000	-	1,000
Conversion of Series A, AA and AAA preferred stock	2,000	7,000	4,000	15,000
Preferred stock dividends paid – common stock	2,000	-	3,000	-
Common stock issued for Melon Acquisition	-	-	-	1,000
Common stock issued for Super Biz Acquisition	-	-	-	1,000
Issuance of common stock in settlement of legal matter	-	-	1,000	-
Balance, end of period	$ 89,000	$ 81,000	$ 89,000	$ 81,000
Additional paid-in-capital:				
Balance, beginning of period	$ 263,296,000	$ 241,833,000	$ 258,923,000	$ 229,900,000
Issuance of Series A-5 preferred stock at $1,000 per share, net of issuance costs	-	-	-	1,919,000
Issuance of Series AA preferred stock at $1,000 per share, net of issuance costs	-	-	-	5,330,000
Issuance of Series AA-2 preferred stock at $1,000 per share, net of issuance costs	-	-	-	1,278,000
Issuance of Series AA-3 preferred stock at $1,000 per share, net of issuance costs	-	-	-	690,000
Issuance of Series AA-4 preferred stock at $1,000 per share, net of issuance costs	-	-	-	681,000
Issuance of Series AA-5 preferred stock at $1,000 per share, net of issuance costs	-	-	-	379,000
Series AA Preferred additional investment rights	-	-	-	1,794,000
Issuance of common stock at $2.60 per share, net of issuance costs	-	1,710,000	-	1,710,000
Exercise of prefunded common stock warrants at $2.60 per share, net of issuance costs	-	158,000	-	158,000

Issuance of Series AAA Junior preferred stock at $1,000 per share, net of cash and noncash issuance costs	-	-	751,000	-
Issuance of Series AAA-2 Junior preferred stock at $1,000 per share, net of cash and noncash issuance costs	453,000	-	453,000	-
Issuance of Series AAA-3 Junior preferred stock at $1,000 per share, net of issuance costs	529,000	-	529,000	-
Issuance of Series AAA-4 Junior preferred stock at $1,000 per share, net of issuance costs, net of receivable from investor	102,000	-	102,000	-
Common stock purchase warrants issued – Series AAA-3 and Series AAA-4 Junior preferred stock	(134,000)	-	(134,000)	-
Series AAA Junior preferred stock noncash issuance costs – incremental fair value in connection with modifications to certain existing AIRs	-	-	294,000	-
Preferred stock dividends paid – common stock	2,421,000	-	3,287,000	-
Deemed dividend on Series AA Preferred Stock	-	6,446,000	-	6,446,000
Preferred stock conversions	(2,000)	-	(2,000)	-
Common stock purchase warrants issued to placement agent	(346,000)	-	(346,000)	(2,804,000)
Common stock issued for Melon Acquisition	-	-	90,000	721,000
Common stock issued for Super Biz Acquisition	-	-	38,000	547,000
Common stock issued for Bannerfy Acquisition	-	70,000	-	70,000
Stock-based compensation	356,000	580,000	986,000	1,986,000
Issuance of common stock and incremental fair value in connection with modifications to certain existing AIRs in settlement of legal matters	70,000	-	1,553,000	-
Other	336,000	(18,000)	557,000	(26,000)
Balance, end of period	$ 267,081,000	$ 250,779,000	$ 267,081,000	$ 250,779,000
Accumulated Deficit:				
Balance, beginning of period	$ (258,325,000)	$ (224,815,000)	$ (249,014,000)	$ (210,743,000)
Preferred stock dividends – common stock (Note 2)	(1,694,000)	(6,446,000)	(3,290,000)	(6,446,000)
Net Loss	(3,632,000)	(2,984,000)	(11,347,000)	(17,056,000)
Balance, end of period	$ (263,651,000)	$ (234,245,000)	$ (263,651,000)	$ (234,245,000)
Total stockholders' equity	$ 3,519,000	$ 16,615,000	$ 3,519,000	$ 16,615,000

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE ENTERPRISE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Rounded to the nearest thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (11,347,000)	$ (17,056,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,953,000	3,929,000
Stock-based compensation	986,000	2,175,000
Change in fair value of warrant liability	(1,104,000)	(2,552,000)
Change in fair value of contingent consideration	(158,000)	(527,000)
Amortization of convertible notes discount	-	40,000
Gain on sale of intangible assets	(144,000)	-
Loss on intangible asset disposal	-	2,284,000
Fair value of noncash legal settlement and other noncash charges	794,000	-
Loss on extinguishment of liability – contingent consideration	336,000	-
Changes in operating assets and liabilities:		
Accounts receivable	3,772,000	(1,661,000)
Prepaid expense and other current assets	263,000	(194,000)
Accounts payable and accrued expense	(3,309,000)	1,542,000
Accrued contingent consideration	(17,000)	(1,802,000)
Contract liabilities	(185,000)	225,000
Deferred taxes	-	(313,000)
Accrued interest on note payable	-	(180,000)
Net cash used in operating activities	(8,160,000)	(14,090,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid in connection with Melon Acquisition	-	(150,000)
Purchase of property and equipment	(23,000)	(8,000)
Capitalization of software development costs	(434,000)	(483,000)
Acquisition of other intangible assets	-	(17,000)
Net cash used in investing activities	(457,000)	(658,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of preferred stock, net of issuance costs	2,129,000	12,060,000
Proceeds from issuance of common stock, net of issuance costs	-	1,885,000
Payments on convertible notes	-	(539,000)
Accounts receivable facility advances	1,033,000	-
Payments on accounts receivable facility	(1,833,000)	-
Contingent consideration payments – Melon Acquisition	(32,000)	-
Net cash provided by financing activities	1,297,000	13,406,000
(DECREASE) INCREASE IN CASH	(7,320,000)	(1,342,000)
Cash and Cash Equivalents – beginning of period	7,609,000	2,482,000
Cash and Cash Equivalents – end of period	$ 289,000	$ 1,140,000
SUPPLEMENTAL NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES		
Issuance of common stock in connection with legal settlement	$ 1,270,000	$ -
Issuance of common stock in connection with Melon Acquisition	90,000	722,000
Issuance of common stock in connection with the payment of Super Biz Contingent Consideration	38,000	548,000
Series AAA Junior preferred stock noncash issuance costs – incremental fair value in connection with modifications to certain AIRs	294,000	-
Issuance of common stock in connection with Bannerfy Acquisition	-	70,000
Issuance of Super Biz Note in connection with extinguishment of accrued contingent consideration liability	1,765,000	-

See accompanying notes to condensed consolidated financial statements

SUPER LEAGUE ENTERPRISE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. DESCRIPTION OF BUSINESS

Super League Enterprise, Inc. (Nasdaq: SLE), ("Super League," the "Company," "we," "us" or "our") is redefining the gaming industry as a media channel for global brands. As a leading end-to-end immersive content partner, Super League enables marketers, advertisers, and IP owners to reach massive audiences through creativity, innovation, and gameplay within the world's largest immersive platforms. Boasting an award-winning development studio, a vast community of native creators, and a proprietary suite of tools that maximize user engagement, Super League is a one-of-a-kind holistic solutions provider. Whether a partner is focused on building a world-class creative experience, achieving lift in brand awareness, inspiring deeper customer loyalty, or finding new sources of revenue, Super League is at the forefront - always pioneering within immersive worlds.

Super League was incorporated on October 1, 2014 as Nth Games, Inc. under the laws of the State of Delaware and changed its name to Super League Gaming, Inc. on June 15, 2015, and to Super League Enterprise, Inc. on September 11, 2023. We are an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012, as amended.

On September 7, 2023, the Company filed a Certificate of Amendment (the "2023 Second Amendment") to the Charter, which Second Amendment became effective as of September 11, 2023, to change the name of the Company from Super League Gaming, Inc. to Super League Enterprise, Inc. (the "Name Change") and to effect a reverse stock split of the Company's issued and outstanding shares of common stock at a ratio of 1-for-20 (the "Reverse Split"). The Name Change and the Reverse Split were approved by the Company's Board on July 5, 2023, and approved by the stockholders of the Company on September 7, 2023. Refer to Note 6 below for additional information regarding the Reverse Split. In connection with the Name Change, the Company also changed its Nasdaq ticker symbol to "SLE" from "SLGG."

All references to common stock, warrants to purchase common stock and other rights, options to purchase common stock, restricted stock, share data, per share data and related information contained in the condensed consolidated financial statements (hereinafter, "consolidated financial statements") have been retroactively adjusted to reflect the effect of the Reverse Split for all periods presented.

All references to "Note," followed by a number reference herein, refer to the applicable corresponding numbered footnotes to these consolidated financial statements.

Infinite Reality Transaction

On September 30, 2024, the Company entered into a binding term sheet (the "iR Term Sheet") with Infinite Reality, Inc. ("Infinite Reality"), whereby, subject to the satisfaction of certain conditions as more specifically set forth in the iR Term Sheet (including receipt of the approval of the Company's stockholders), and the entry into definitive documentation, the Company will:

(i) acquire from Infinite Reality, (a) a perpetual, royalty free license to name and to create and host events for Drone Racing League, Inc., (b) to be determined esports assets and all related intellectual property, (c) cash in the amount of up to $20 million to come from divestiture of certain assets to be determined and/or other sources of capital, (d) TalentX and all related intellectual property, (e) Fearless Media and all related intellectual property, and (f) Thunder Studios and all related intellectual property (each an "Asset" and, collectively, the "Purchased Assets")(the "Asset Acquisition"), in exchange for the Company issuing that number of shares of a to-be designated class of its preferred stock equal in priority to existing Series A, AA and AAA preferred shares (the "Consideration Shares"), which Consideration Shares will be convertible into 75% of the then issued and outstanding shares of Super League's common stock, par value $0.001 per share ("Common Stock"), calculated at the time of the consummation of the Asset Acquisition;

(ii) issue to Infinite Reality 2,499,090 shares of the Company's Common Stock, in exchange for 139,592 shares of Infinite Reality's common stock (the "Share Exchange"), pursuant to an Equity Exchange Agreement, and to appoint a designee of Infinite Reality to the Company's Board of Directors (the "Board") upon the consummation of the Share Exchange (the "Closing"); and

(iii) receive a credit facility in the amount of $30,000,000 from Infinite Reality, to be established in January 2025 (the "Credit Facility", and the Asset Acquisition, Share Exchange, and Credit Facility are collectively, the "iR Transaction").

The Term Sheet contemplates that, subject to the satisfaction of the conditions contained therein (including approval of the iR Transaction by the Company's stockholders), upon the consummation of the iR Transaction, Infinite Reality will beneficially own 84.9% of the issued and outstanding shares of the Company as of the Closing.

Equity Exchange Agreement. On September 30, 2024, in connection with the Term Sheet and the Share Exchange, the Company entered into an Equity Exchange Agreement with Infinite Reality (the "Exchange Agreement"), pursuant to which the Company agreed, subject to the receipt of the approval of the Company's stockholders and other customary closing conditions, to issue 2,499,090 shares of Common Stock (the "Exchange Shares") in exchange for 139,592 shares of Infinite Reality common stock of equal value, based on the Company's common stock being valued at $1.30 per share. The Exchange Agreement contains representations, warranties, and covenants of the Company and Infinite Reality that are customary for a transaction of this nature. Refer to Note 8 for information on the Amended and Restated Equity Exchange Agreement.

Sale of Minehut

On February 29, 2024, the Company sold its Minehut related assets ("Minehut Assets") to GamerSafer, Inc. ("GamerSafer"), in a transaction approved by the Board of Directors of the Company. Pursuant to the Asset Purchase Agreement entered into by and between GamerSafer and the Company on February 26, 2024 (the "GS Agreement"), the Company will receive $1.0 million of purchase consideration ("Purchase Consideration") for the Minehut Assets, which amount will be paid by GamerSafer in revenue and royalty sharing over a multiple year period, as described in the GS Agreement (the "Minehut Sale"). Other than with respect to the GS Agreement, there is no relationship between the Company or its affiliates with GamerSafer or its affiliates.

The transaction allows Super League to streamline its position in partnering with major brands to build, market, and operate 3D experiences across multiple immersive platforms, including open gaming powerhouses like Minecraft, and aligns with the Company's cost improvement initiatives. Super League and GamerSafer will maintain a commercial relationship which ensures that Minehut can remain an ongoing destination available to Super League's partners.

Bylaw Amendment

On June 4, 2024, the Board of Directors (the "Board") of the Company approved an amendment (the "Amendment") to the Company's Second Amended and Restated Bylaws, effective June 4, 2024, to reduce the number of shares that are required to be present at a meeting of the Company's stockholders (a "*Meeting*") for purposes of establishing a quorum. Prior to the Amendment, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock was required to establish a quorum for the transaction of business at a Meeting. As approved in the Amendment, the presence, in person or by proxy duly authorized, of the holders of not less than one-third (1/3) of the outstanding shares of stock entitled to vote will constitute a quorum for the transaction of business at a Meeting.

The Board adopted the Amendment to more practically obtain a quorum and conduct business at a Meeting. The Board based its decision on the increasing prevalence of brokerage firms opting to forgo discretionary or proportionate voting of the shares held by them in street name, which is making it increasingly difficult for companies with a large retail stockholder base to obtain a quorum of the majority. The change to the quorum requirement was made to improve the Company's ability to hold Meetings when called.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, certain information and footnotes required by U.S. GAAP in annual financial statements have been omitted or condensed in accordance with quarterly reporting requirements of the Securities and Exchange Commission ("SEC"). These interim condensed consolidated financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2023 included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 15, 2024.

The December 31, 2023 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The condensed consolidated interim financial statements of Super League include all adjustments of a normal recurring nature which, in the opinion of management, are necessary for a fair statement of Super League's financial position as of September 30, 2024, and results of its operations and its cash flows for the interim periods presented. The results of operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the entire fiscal year, or any future period.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain reclassifications to operating expense line items and revenue detail line items have been made to prior year amounts for consistency and comparability with the current year's condensed consolidated financial statement presentation. These reclassifications had no effect on the reported total revenue, operating expense, total assets, total liabilities, total stockholders' equity, or net loss for the prior periods presented.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates. The Company believes that, of the significant accounting policies described herein, the accounting policies associated with revenue recognition, impairment of intangibles, stock-based compensation expense, capitalized internal-use-software costs, accounting for business combinations and related contingent consideration, derecognition of assets, accounting for convertible debt, including estimates and assumptions used to calculate the fair value of debt instruments, accounting for convertible preferred stock, including modifications and exchanges of equity and equity-linked instruments, accounting for warrant liabilities and accounting for income taxes and valuation allowances against net deferred tax assets, require its most difficult, subjective, or complex judgments.

Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company incurred net losses for the periods presented herein as reflected in the accompanying condensed consolidated statement of operations, and had an accumulated deficit of $263.7 million as of September 30, 2024. For the nine months ended September 30, 2024 and 2023, net cash used in operating activities totaled $8.2 million and $14.1 million, respectively.

The Company had cash and cash equivalents of $0.3 million and $7.6 million as of September 30, 2024 and December 31, 2023, respectively. To date, our principal sources of capital used to fund our operations and growth have been the net proceeds received from equity and debt financings. We have and will continue to use significant capital for the growth and development of our business, and, as such, we expect to seek additional capital either from operations, or that may be available from future issuance(s) of common stock, preferred stock and / or debt financings, to fund our planned operations. Accordingly, our results of operations and the implementation of our long-term business strategies have been and could continue to be adversely affected by general conditions in the global economy, including conditions that are outside of our control. The most recent global financial crisis caused by severe geopolitical conditions, including conflicts abroad, and the threat of other outbreaks or pandemics, have resulted in extreme volatility, disruptions and downward pressure on stock prices and trading volumes across the capital and credit markets in which we traditionally operate. A severe or prolonged economic downturn could result in a variety of risks to our business and could have a material adverse effect on us, including limiting our ability to obtain additional funding from the capital and credit markets. In management's judgement, these conditions raise substantial doubt about the ability of the Company to continue as a going concern as contemplated by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Topic 205-40, "Going Concern," ("ASC 205").

Management's Plans

During the prior fiscal year and the nine months ended September 30, 2024, we continued our focus on the expansion of our service offerings and revenue growth opportunities through internal development, collaborations, and through opportunistic strategic acquisitions, as well as management and reduction of operating costs. Management continues to explore alternatives for raising capital to facilitate our growth and execute our business strategy, including strategic partnerships and or other forms of equity or debt financings.

In September 2024, the Company announced the iR Transaction as described above.

On October 24, 2024, the Company entered into a securities purchase agreement with a certain accredited investor for the registered direct offering of an aggregate of 1,136,364 shares of the Company's common stock, par value $0.001 per share (the "Shares"), at a purchase price of $0.88 per Share (the "Registered Direct Offering"). The Registered Direct Offering closed on October 25, 2024, and resulted in gross proceeds to the Company of approximately $1.0 million.

On November 8, 2024 (the "Effective Date"), the Company and its subsidiary, InPVP, LLC ("Subsidiary"), entered into a Business Loan and Security Agreement (the "Agile Loan Agreement"), with Agile Capital Funding, LLC as collateral agent ("Collateral Agent"), and Agile Lending, LLC ("Agile"), pursuant to which the Company issued to Agile a Confessed Judgment Secured Promissory Note for an aggregate value of $1.85 million (the "Agile Note"). Pursuant to the Agile Loan Agreement: (i) the Agile Note matures 28 weeks from the Effective Date; (ii) carries an aggregate total interest payment of approximately $0.78 million (the "Applicable Rate"), and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent. The Company is required to repay all the obligations due under the Agile Loan Agreement and the Agile Note in 28 equal payments of $93,821.43, with the first payment being made to Agile on November 14, 2024, and every seven days thereafter until the Maturity Date. The proceeds received from the Agile Note will be used to fund general working capital needs. For more information on the Agile Loan Agreement and the Agile Note, refer to Note 8.

The Company considers historical operating results, costs, capital resources and financial position, in combination with current projections and estimates, as part of its plan to fund operations over a reasonable period. Management's considerations assume, among other things, that the Company will continue to be successful implementing its business strategy, that there will be no material adverse developments in the business, liquidity or capital requirements, and the Company will be able to raise additional equity and / or debt financing on acceptable terms. If one or more of these factors do not occur as expected, it could cause a reduction or delay of the Company's business activities, sales of material assets, default on its obligations, or forced insolvency. The accompanying consolidated financial statements do not contain any adjustments which might be necessary if the Company were unable to continue as a going concern. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company.

We may continue to evaluate potential strategic acquisitions. To finance such strategic acquisitions, we may find it necessary to raise additional equity capital, incur debt, or both. Any efforts to seek additional funding could be made through issuances of equity or debt, or other external financing. However, additional funding may not be available on favorable terms, or at all. The capital and credit markets have experienced extreme volatility and disruption periodically and such volatility and disruption may occur in the future. If we fail to obtain additional financing when needed, we may not be able to execute our business plans which, in turn, would have a material adverse impact on our financial condition, our ability to meet our obligations, and our ability to pursue our business strategies.

Revenue Recognition

Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services and when the customer obtains control of the good or service. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Transaction prices are based on the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, if any. We consider the explicit terms of the revenue contract, which are typically written and executed by the parties, our customary business practices, the nature, timing, and the amount of consideration promised by a customer in connection with determining the transaction price for our revenue arrangements. Refunds and sales returns historically have not been material.

The Company generates revenue from (i) innovative advertising including immersive game world and experience publishing and in-game media products, (ii) content and technology through the production and distribution of our own, advertiser and third-party content, and (iii) direct to consumer offers, including in-game items, e-commerce and digital collectibles.

The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction and is evaluated on a transaction-by-transaction basis. To the extent the Company acts as the principal, revenue is reported on a gross basis net of any sales tax from customers, when applicable. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the goods or services prior to transfer to the customer. Where applicable, the Company has determined that it acts as the principal in all of its media and advertising, publishing and content studio and direct to consumer revenue streams, except in situations where we utilize a reseller partner with respect to media and advertising sales arrangements.

In the event a customer pays us consideration, or we have a right to an amount of consideration that is unconditional, prior to our transfer of a good or service to the customer, we reflect the contract as a contract liability when the payment is made or the payment is due, whichever is earlier. In the event we perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, we reflect the contract as a contract asset, excluding any amounts reflected as a receivable.

Media and Advertising

Media and advertising revenue primarily consists of direct and reseller sales of our on-platform media and analytics products, and influencer marketing campaign sales to third-party brands and agencies (hereinafter, "Brands").

On Platform Media

On platform media revenue is generated from third party Brands advertising in-game on Roblox or other digital platforms, and prior to the Minehut Sale, on our Minehut Minecraft platform. Media assets include static billboards, video billboards, portals, 3D characters, Pop Ups and other media products. We work with Brands to determine the specific campaign media to deploy, target ad units and target demographics. We customize the media advertising campaign and media products with applicable branding, images and design and place the media on the various digital platforms. Media is delivered via our Super Biz Roblox platform, the Roblox Immersive Ads platform, other platforms, and prior to the Minehut Sale, on our owned and operated Minehut platform. Media placement can be based on a cost per thousand, other cost per measure, or a flat fee. Media and advertising arrangements typically include contract terms for time periods ranging from one week to two or three months in length.

For on-platform media campaigns, we typically insert media products on-platform (in-game) to deliver to the Brand a predetermined number of impressions identified in the underlying contract. The benefit accrues to the Brand at the time that we deliver the impression on the platform, and the media product is viewed or interacted with by the on-platform user. The performance obligation for on-platform media campaigns is each impression that is guaranteed or required to be delivered per the underlying contract.

Each impression is considered a good or service that is distinct under the revenue standard, and the performance obligation under our on-platform media contracts is the delivery of a series of impressions. Each impression required to be delivered in the series that we promise to transfer to the Brand meets the criteria to be a performance obligation satisfied over time, due to the fact that (1) our performance does not create an asset with an alternative use to the Company, and (2) we have an enforceable right to payment for performance completed to date per the terms of the contract. Further, the same method is used to measure our progress toward complete satisfaction of the performance obligation to transfer each distinct impression, as in the transfer of the series of impressions to the customer, which is based on actual delivery of impressions. As such, we account for the specified series of impressions as a single performance obligation.

The delivery of the impression on platform represents the change in control of the good or service, and therefore, the Company satisfies its performance obligations and recognizes revenue based on the delivery of impressions under the contract.

Influencer Marketing

Influencer marketing revenue is generated in connection with the development, management and execution of influencer marketing campaigns on behalf of Brands, primarily on YouTube, Instagram and TikTok. Influencer marketing campaigns are collaborations between Super League, popular social-media influencers, and Brands, to promote a Brands' products or services. Influencers are paid a flat rate per post to feature a Brand's product or service on their respective social media outlets.

For influencer marketing campaigns that include multiple influencers, the customer can benefit from the influencer posts either on its own or together with other resources that are readily available to the customer. Our influencer marketing campaigns for Brands (1) incorporate a significant service of integrating the goods or services with other goods or services promised in the contract (typically additional influencer posts) into a bundle of goods or services that represent the combined output that the customer has contracted for, and (2) the goods or services are interdependent in that each of the goods or services is affected by one or more of the other goods or services in the contract which combined, create an influencer marketing campaign to satisfy the Brand's specific campaign objectives. The interdependency of the performance obligations is supported by an understanding of what a customer expects to receive as a final product with respect to an influencer marketing campaign, which is an integrated influencer marketing advertising campaign that the influencer posts create when they are combined into an overall integrated campaign.

Our customers receive and consume the benefits of each influencer's post as the content is posted on the influencers respective social media outlet. In addition, the influencer marketing campaigns and videos created by influencers are highly customized advertising engagements, where Brand specific assets and collateral are created for the customer based on specific and customized specifications, and therefore, does not create an asset with an alternative use. Further, based on contract terms, we typically have an enforceable right to payment for performance to date during the term of the arrangement.

We recognize revenues for influencer marketing campaigns based on input methods which recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. As such, revenues are recognized over the term of the campaign, as the influencer videos are posted, based on costs incurred to date relative to total costs for the influencer marketing campaign.

Publishing and Content Studio

Publishing and content studio revenue consists of revenue generated from immersive game development and custom game experiences within our owned and affiliate game worlds, and revenue generated in connection with our production, curation and distribution of entertainment content for our own network of digital channels and media and entertainment partner channels.

Publishing

Custom builds are highly customized branded game experiences created and built by Super League for customers on existing digital platforms such as Roblox, Fortnite, Decentraland and others. Custom builds often include the creation of highly customized and branded gaming experiences and other campaign specific media or products to create an overall customized immersive world campaign.

Custom integrations are highly customized advertising campaigns that are integrated into and run on existing affiliate Roblox gaming experiences. Custom integrations will often include the creation of highly customized and branded game integration elements to be integrated into the existing Roblox gaming experience to the customers specifications and other campaign specific media or products. Prior to the Minehut Sale, we also created custom integrations on the digital property "Minehut" for Brands.

Our custom builds and custom integration (hereinafter, "Custom Programs") campaign revenue arrangements typically include multiple promises and performance obligations, including requirements to design, create and launch a platform game, customize and enhance an existing game, deploy media products, and related performance measurement. Custom Programs offer a strategically integrated advertising campaign with multiple integrated components, and we provide a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs that the customer has contracted for. As such, Custom Program revenue arrangements are combined into a single performance unit, as our performance does not create an asset with an alternative use to the entity and we typically have an enforceable right to payment for performance to date during the term of the arrangement.

We recognize revenues for Custom Programs based on input methods, that recognize revenue based upon estimates of progress toward complete satisfaction of the contract performance obligations, utilizing primarily costs or direct labor hours incurred to date to estimate progress towards completion.

Content Production

Content production revenue is generated in connection with our production, curation and distribution of entertainment content for our own network of digital channels and media and entertainment partner channels. We distribute three primary types of content for syndication and licensing, including: (1) our own original programming content, (2) user generated content ("UGC"), including online gameplay and gameplay highlights, and (3) the creation of content for third parties utilizing our remote production and broadcast technology.

Content production arrangements typically involve promises to provide a distinct set of videos, creative, content creation and or other live or remote production services. These services can be one-off in nature (relatively short services periods of one day to one week) or can be specified as monthly services over a multi-month period.

One-off and monthly content production services are distinct in that the customer can benefit from the service either on its own or together with other resources that are readily available to the customer. Further, promises to provide one-off or monthly content production services are typically separately identifiable as the nature of the promises, within the context of the contract, is to transfer each of those goods or services individually. Each month's content production services are separate and not integrated with a prior month's or subsequent months services and do not represent a combined output; each months content production services do not modify any other prior period content production services, and the monthly services are not interdependent or highly interrelated.

As a result, each one-off or monthly promise to provide content production services is a distinct good or service that we promise to transfer and are therefore performance obligations. In general, content production contracts do not meet the criteria for recognition of revenues over time as the customer typically does not simultaneously receive and consume the benefits provided by our performance as we perform, our performance does not typically create or enhance an asset that the customer controls, and while our performance does not create an asset with an alternative use, we typically have a right to payment upon completion of each distinct performance obligation.

A performance obligation is satisfied at a point in time if none of the criteria for satisfying a performance obligation over time are met. For content production arrangements, we have a right to payment and the customer has control of the good or service at the time of completion and delivery of the one-off or monthly content production services in accordance with the terms of the underlying contract. As such, revenue is recognized at the time of completion of the one-off or monthly content production services.

Direct to Consumer

Direct to consumer revenue primarily consists of monthly digital subscription fees, and sales of in-game digital goods. Subscription revenue is recognized in the period the services are rendered. Payments are typically due from customers at the point of sale.

InPvP Platform Generated Sales Transactions

Through a relationship with Microsoft, the owner of Minecraft, we operate a Minecraft server world for players playing the game on consoles and tablets. We are one of seven partner servers with Microsoft that, while "free to play," monetize the players through in-game micro transactions. We generate in-game platform sales revenue from the sale of digital goods, including cosmetic items, durable goods, player ranks and game modes, leveraging the flexibility of the Microsoft Minecraft Bedrock platform, and powered by the InPvP cloud architecture technology platform. Revenue is generated when transactions are facilitated between Microsoft and the end user, either via in-game currency or cash.

InPvP revenues are generated from single transactions for various distinct digital goods sold to users in-game. Microsoft processes sales transactions and remits the applicable revenue share to us pursuant to the terms of the Microsoft agreement.

Revenue for digital goods sold on the platform is recognized when Microsoft (our partner) collects the revenue and facilitates the transaction, including delivery of digital goods, on the platform. Revenue for such arrangements includes all revenue generated, make goods, and refunds of all transactions managed via the platform by Microsoft. Payments are made to the Company monthly based on the sales revenue generated on the platform.

Revenue was comprised of the following for the three and nine months ended September 30:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Media and advertising	$ 1,538,000	$ 2,886,000	$ 4,637,000	$ 6,904,000
Publishing and content studio	2,646,000	3,960,000	7,388,000	7,547,000
Direct to consumer	247,000	349,000	731,000	1,118,000
	$ 4,431,000	$ 7,195,000	$ 12,756,000	$ 15,569,000
Revenue Recognition:				
Single point in time	52%	16%	43%	25%
Over time	48%	84%	57%	75%
Total	100%	100%	100%	100%

Contract assets totaled $642,000 at September 30, 2024, $546,000 at December 31, 2023, and $1,013,000 at December 31, 2022. Contract liabilities totaled $154,000 at September 30, 2024, $339,000 at December 31, 2023, and $111,000 at December 31, 2022.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue recognized related to contract liabilities as of the beginning of the respective period	$ -	$ -	$ 234,000	$ 82,000

In accordance with ASC 606-10-50-13, the Company is required to include disclosure on its remaining performance obligations as of the end of the current reporting period. Due to the nature of the Company's contracts with customers, these reporting requirements are not applicable pursuant to ASC 606-10-50-14, as the performance obligation is part of a contract that has an original duration of one year or less.

Seasonality. Our revenue fluctuates quarterly and is generally higher in the second half of our fiscal year, with the fourth quarter typically representing our highest revenue quarter each year. Advertising spending is traditionally seasonally strong in the second half of each year, reflecting the impact of seasonal back to school, game release and holiday season advertising spending by brands and advertisers. We believe that this seasonality in advertising spending affects our quarterly results, which generally reflect relatively higher advertising revenue in the second half of each year, compared to the first half of the year.

Cost of Revenue

Cost of revenue includes direct costs incurred in connection with the satisfaction of performance obligations under our revenue arrangements, including internal and third-party engineering, creative, content, broadcast and other personnel, talent and influencers, internal and third-party game developers, content capture and production services, direct marketing, cloud services, software, prizing, and revenue sharing fees.

Advertising

Advertising costs include the cost of ad production, social media, print media, marketing, promotions, and merchandising. The Company expenses advertising costs as incurred. Advertising costs are included in selling, marketing and advertising expense in the condensed consolidated statements of operations. Advertising expense for the three and nine months ended September 30, 2024 were $0 and $56,000, respectively. Advertising expense for the three and nine months ended September 30, 2023 were $28,000 and $50,000, respectively.

Engineering, Technology and Development Costs

Components of our platform are available on a "free to use," "always on basis," and are utilized and offered as an audience acquisition tool, as a means of growing our audience, engagement, viewership, players and community. Engineering, technology and development related operating expense includes the costs described below, incurred in connection with our audience acquisition and viewership expansion activities. Engineering, technology and development related operating expense includes (i) allocated internal engineering personnel expense, including salaries, noncash stock compensation, taxes and benefits, (ii) third-party contract software development and engineering expense, (iii) internal use software cost amortization expense, and (iv) technology platform related cloud services, broadband and other platform expense, incurred in connection with our audience acquisition and viewership expansion activities, including tools and product offering development, testing, minor upgrades and features, free to use services, corporate information technology and general platform maintenance and support.

Accounts Receivable

Accounts receivable are recorded at the invoice amount, less allowances for credit losses, if any, and do not bear interest. The Company provides an allowance for potential credit losses based on its evaluation of the collectability and the customers' creditworthiness. Accounts receivable are written off when they are determined to be uncollectible. As of September 30, 2024 and December 31, 2023, the allowance for expected credit losses was $200,000 and $0, respectively.

Fair Value Measurements

Fair value is defined as the exchange price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company measures financial assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

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

Level 2. Quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices which are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments.

Level 3. Unobservable inputs which are supported by little or no market activity and which 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, including derivative financial instruments, contingent consideration and warrant liabilities recorded in accordance with FASB ASC Topic 480, "Distinguishing liabilities from equity," ("ASC 480"). As described in the notes below, contingent consideration, warrant liabilities and contingent interest derivatives outstanding during the periods presented are recorded at fair value. Transfers to/from Levels 1, 2, and 3 are recognized at the beginning of the reporting period. There were no transfers to/from Levels 1, 2, and 3 during the periods presented.

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, other receivables, prepaid expense and other current assets, accounts payable and accrued expense, and liabilities to customers have been determined to approximate carrying amounts due to the short maturities of these instruments.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. 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 balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. 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.

Equity-linked instruments that are deemed to be freestanding instruments issued in conjunction with preferred stock are accounted for separately. For equity linked instruments classified as equity, the proceeds are allocated based on the relative fair values of the preferred stock and the equity-linked instrument following the guidance in FASB ASC Topic 470, "Debt," ("ASC 470").

Acquisitions

Acquisition Method. Acquisitions that meet the definition of a business under FASB ASC Topic 805, "Business Combinations," ("ASC 805") are accounted for using the acquisition method of accounting. Under the acquisition method of accounting, assets acquired, liabilities assumed, contractual contingencies, and contingent consideration, when applicable, are recorded at fair value at the acquisition date. Any excess of the purchase price over the fair value of the net assets acquired is recorded as goodwill. The application of the acquisition method of accounting requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in connection with the allocation of the purchase price consideration to the assets acquired and liabilities assumed. Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expense in the consolidated statements of operations.

Contingent consideration, representing an obligation of the acquirer to transfer additional assets or equity interests to the seller if future events occur or conditions are met, is recognized when probable and reasonably estimable. Contingent consideration recognized is included in the initial cost of the assets acquired, with subsequent changes in the recorded amount of contingent consideration recognized as an adjustment to the cost basis of the acquired assets. Subsequent changes are allocated to the acquired assets based on their relative fair value. Depreciation and/or amortization of adjusted assets are recognized as a cumulative catch-up adjustment, as if the additional amount of consideration that is no longer contingent had been accrued from the outset of the arrangement.

Contingent consideration that is paid to sellers that remain employed by the acquirer and linked to future services is generally considered compensation cost and recorded in the statement of operations in the post-combination period.

Intangible Assets

Intangible assets primarily consist of (i) internal-use software development costs, (ii) domain name, copyright and patent registration costs, (iii) commercial licenses, (iv) developed technology acquired, (v) partner, customer, creator and influencer related intangible assets acquired and (vi) other intangible assets, which are recorded at cost (or in accordance with the acquisition method or cost accumulation methods described above) and amortized using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 10 years.

Software development costs incurred to develop internal-use software during the application development stage are capitalized and amortized on a straight-line basis over the software's estimated useful life, which is generally three years. Software development costs incurred during the preliminary stages of development are charged to expense as incurred. Maintenance and training costs are charged to expense as incurred. Upgrades or enhancements to existing internal-use software that result in additional functionality are capitalized and amortized on a straight-line basis over the applicable estimated useful life.

Transfer or Sale of Intangible Assets

Upon the sale of an intangible asset, or group of intangible assets (hereinafter, "nonfinancial assets"), the Company initially evaluates whether the Company has a controlling financial interest in the legal entity that holds the nonfinancial assets by applying the guidance on consolidation. Any nonfinancial assets transferred that are held in a legal entity in which the Company does not have (or ceases to have) a controlling financial interest is further evaluated to determine whether the underlying transaction contract meets all of the criteria for accounting for contract under the revenue standard. Once a contract meets all of the criteria, the Company identifies each distinct nonfinancial asset promised to a counterparty and derecognizes each distinct nonfinancial asset when the Company transfers control of the nonfinancial asset to the counterparty. The Company evaluates the point in time at which a counterparty obtains control of the nonfinancial assets, including whether or not the counterparty can direct the use of, and obtain substantially all of the benefits from, each distinct nonfinancial asset.

If the consideration promised in a contract is variable or includes a variable amount, the Company estimates the amount of consideration to which the Company will be entitled in exchange for transferring the promised assets to a counterparty. Purchase consideration is variable if the amount the Company will receive is contingent on future events occurring or not occurring, even though the amount itself is fixed. The Company determines the total transaction price, including an estimate of any variable consideration, at contract inception and reassesses this estimate at each reporting date. The Company estimates the transaction price utilizing the expected value method. The expected value is the sum of probability-weighted amounts in a range of possible consideration amounts.

The accounting for an arrangement with a put option depends on the amount the Company must pay to the counterparty in the event the counterparty exercises the put option, and whether the counterparty has a significant economic incentive to exercise its right. The accounting for put options requires the Company to assess at contract inception, whether the counterparty has a significant economic incentive to exercise its right, including how the repurchase price compares to the expected market value of the nonfinancial assets at the date of repurchase and the amount of time until the right expires. A customer has a significant economic incentive to exercise a put option when the repurchase price is expected to significantly exceed the market value of the good at the time of repurchase. The Company accounts for a put option as a sale of an asset or group of assets with a right of return, if the repurchase price is less than the original sales price and the customer does not have a significant economic incentive to exercise its right.

Impairment of Long-Lived Assets

The Company assesses the recoverability of long-lived assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Factors we consider important, which could trigger an impairment review, include the following: significant underperformance relative to expected historical or projected future operating results; significant changes in the manner of our use of the acquired assets or the strategy for our overall business; significant negative industry or economic trends; significant adverse changes in legal factors or in the business climate, including adverse regulatory actions or assessments; and significant decline in our stock price for a sustained period. In the event the sum of the expected undiscounted future cash flows resulting from the use of the asset is less than the carrying amount of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded.

Other assets of a reporting unit that are held and used may be required to be tested for impairment when certain events trigger interim goodwill impairment tests. In such situations, other assets, or asset groups, are tested for impairment under their respective standards and the other assets' or asset groups' carrying amounts are adjusted for impairment before testing goodwill for impairment as described below. For the periods presented herein, management believes that there was no impairment of long-lived assets. There can be no assurance, however, that market conditions or demand for the Company's products or services will not change, which could result in long-lived asset impairment charges in the future.

Goodwill

Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (December 31) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We consider our market capitalization and the carrying value of our assets and liabilities, including goodwill, when performing our goodwill impairment tests. We operate in one reporting segment.

If a potential impairment exists, a calculation is performed to determine the fair value of existing goodwill. This calculation can be based on quoted market prices and / or valuation models, which consider the estimated future undiscounted cash flows resulting from the reporting unit, and a discount rate commensurate with the risks involved. Third-party appraised values may also be used in determining whether impairment potentially exists. In assessing goodwill impairment, significant judgment is required in connection with estimates of market values, estimates of the amount and timing of future cash flows, and estimates of other factors that are used to determine the fair value of our reporting unit. If these estimates or related projections change in future periods, future goodwill impairment tests may result in charges to earnings.

When conducting the Company's annual or interim goodwill impairment assessment, we have the option to initially perform a qualitative evaluation of whether it is more likely than not that goodwill is impaired. The Company is also permitted to bypass the qualitative assessment and proceed directly to the quantitative test. In evaluating whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount, we consider the guidance set forth in ASC 350, which requires an entity to assess relevant events and circumstances, including macroeconomic conditions, industry and market considerations, cost factors, financial performance and other relevant events or circumstances.

Stock-Based Compensation

Compensation expense for stock-based awards is measured at the grant date, based on the estimated fair value of the award, and is recognized as an expense, typically on a straight-line basis over the employee's requisite service period (generally the vesting period of the equity award) which is generally two to four years. Compensation expense for awards with performance conditions that affect vesting is recorded only for those awards expected to vest or when the performance criteria are met. The fair value of restricted stock and restricted stock unit awards is determined by the product of the number of shares or units granted and the grant date market price of the underlying common stock. The fair value of stock option and common stock purchase warrant awards is estimated on the date of grant utilizing the Black-Scholes-Merton option pricing model. The Company utilizes the simplified method for estimating the expected term for options granted to employees due to the lack of available or sufficient historical exercise data for the Company for the applicable options terms. The Company accounts for forfeitures of awards as they occur. Estimates of expected volatility of the underlying common stock for the expected term of the stock option used in the Black-Scholes-Merton option pricing model are determined by reference to historical volatilities of the Company's common stock and historical volatilities of similar companies.

Grants of equity-based awards (including warrants) to non-employees in exchange for consulting or other services are accounted for using the grant date fair value of the equity instruments issued.

A condition affecting the exercisability or other pertinent factors used in determining the fair value of an award that is based on an entity achieving a specified share price constitutes a market condition pursuant to FASB ASC Topic 718, "Stock based Compensation," ("ASC 718"). A market condition is reflected in the grant-date fair value of an award, and therefore, a Monte Carlo simulation model is utilized to determine the estimated fair value of the equity-based award. Compensation cost is recognized for awards with a market condition, provided the requisite service period is satisfied, regardless of whether the market condition is ever satisfied.

Cancellation of an existing equity-classified award along with a concurrent grant of a replacement award is accounted for as a modification under ASC 718. Total compensation cost to be recognized in connection with a modification and concurrent grant of a replacement award is equal to the original grant date fair value plus any incremental fair value, calculated as the excess of the fair value of the replacement award over the fair value of the original awards on the cancellation date. Any incremental compensation cost related to vested awards is recognized immediately on the modification date. Any incremental compensation cost related to unvested awards is recognized prospectively over the remaining service period, in addition to the remaining unrecognized grant date fair value.

On March 19, 2024, the Board approved that an equity pool consisting of (i) 1,692,606 shares of common stock, collectively, which amount is equivalent to ten percent of the then existing and outstanding common stock of the Company on an as-converted basis, be issued to executives of the Company in the following form, amounts and vesting conditions: (a) stock options to purchase 846,303 shares of common stock, with vesting at the rate of 1/36th per month in arrears, and exercisable at a price per share of $1.85 (collectively, the "2024 Options"); and (b) restricted stock units consisting of 846,303 shares of common stock with vesting of (i) fifty percent in equal one-third increments on the first, second and third anniversaries of the restricted stock unit grant issuances, and (ii) fifty percent to be allocated equally between (a) achievement of a profitable fiscal quarter, on a net income basis, in accordance with U.S. GAAP, (b) achievement of 85% of earnings before interest, taxes, depreciation and amortization ("EBITDA") target for fiscal year 2024, and (c) achievement of 85% of EBITDA target for fiscal year 2025 (with such fiscal year 2025 target to be approved by the Board as part of the fiscal year 2025 financial plan)(collectively, the "2024 RSUs"). The issuance of the 2024 Options and 2024 RSUs, as described above, is contingent upon the Company receiving approval from its stockholders to increase the number of shares available under the 2014 Plan at the Company's 2024 annual meeting of stockholders, and will be subject to cancellation in the event stockholder approval is not obtained.

Modifications to Equity-Based Awards

On January 1, 2022, the Company issued 67,500 performance stock units ("Original PSUs") under the Company's 2014 Amended and Restated Stock Option and Incentive Plan, which vest in five equal increments of 13,500 PSUs, based on satisfaction of the following vesting conditions during the three-year period commencing on January 1, 2022: (i) the Company's stock price equaling $95.00 per share based on 60-day volume weighted average price ("VWAP"); (ii) the Company's stock price equaling $120.00 per share based on 60-day VWAP; (iii) the Company's stock price equaling $140.00 per share based on 60-day VWAP; (iv) the Company's stock price equaling $160.00 per share based on 60-day VWAP; and (v) the Company's stock price equaling $180.00 per share based on 60-day VWAP. The Original PSUs were fully expensed as of June 30, 2023. Noncash stock compensation expense related to the Original PSUs totaled $0 and $298,000 for the three and nine months ended September 30, 2023, respectively.

On April 30, 2023, the Board approved the cancellation of the 67,500 Original PSUs previously granted to certain executives (four plan participants in total) under the 2014 Plan (as described above). In exchange for the cancelled Original PSUs, the executives were granted an aggregate of 67,500 PSUs, which vest, over a five-year term, upon the Company's common stock achieving certain VWAP goals as follows: (i) 20% upon achieving a 60-day VWAP of $16.00 per share, (ii) 20% upon achieving a 60-day VWAP of $20.00 per share; (iii) 20% upon achieving a 60-day VWAP of $24.00 per share; (iv) 20% upon achieving a 60-day VWAP of $28.00 per share; and (v) 20% upon achieving a 60-day VWAP of $32.00 per share, in each case, as quoted on the Nasdaq Capital Market ("Modified PSUs"). Total incremental compensation cost related to the Modified PSUs totaled $540,000 which is recognized prospectively over the implied service period, ranging from .69 years to 1.5 years, calculated in connection with the Monte Carlo simulation model used to determine the fair value of the equity awards immediately before and after the modifications. Noncash stock compensation expense related to the Modified PSUs totaled $28,000 and $125,000 for the three and nine months ended September 30, 2024, respectively. Noncash stock compensation expense related to the Modified PSUs totaled $131,000 and $220,000 for the three and nine months ended September 30, 2023, respectively.

On April 30, 2023, the Board approved the cancellation of certain stock options to purchase an aggregate of 58,951 shares of the Company's common stock previously granted to certain executives and employees (six plan participants in total) under the Company's 2014 Amended and Restated Employee Stock Option and Incentive Plan (the "2014 Plan"), with an average exercise price of approximately $56.40. In addition, the Board approved the cancellation of certain warrants to purchase an aggregate of 26,100 shares of the Company's common stock previously granted to certain executives and employees, with an average exercise price of approximately $199.80. In exchange for the cancelled options and warrants, certain executives and employees were granted options to purchase an aggregate of 305,000 shares of common stock under the 2014 Plan, at an exercise price of $9.80 (the closing price of the Company's common stock as listed on the Nasdaq Capital Market on April 28, 2023, the last trading day before the approval of the awards), with one-third of the options vesting on the April 30, 2023, the grant date, with the remainder vesting monthly over the thirty-six month period thereafter, subject to continued service ("Executive Grant Modifications") (collectively, "Modified Executive Grants"). The grant and exercise of the Modified Executive Grants was contingent upon the Company receiving approval from its stockholders to increase the number of shares available under the 2014 Plan, which was obtained in connection with the Company's 2023 annual shareholder meeting in September 2023. As such, the grant date and the commencement of noncash stock compensation amortization for the Modified Executive Grants was September 7, 2023. Total incremental compensation cost related to the Modified Executive Grants totaled $347,000, $112,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $235,000 related to unvested awards which is recognized prospectively over the remaining service period of 3 years. Noncash stock compensation expense related to the Modified Executive Grants totaled $54,000 and $162,000 for the three and nine months ended September 30, 2024, respectively. Noncash stock compensation expense related to the Modified Executive Grants totaled $132,000 for the three and nine months ended September 30, 2023.

On May 1, 2023, the Board approved the cancellation of options to purchase an aggregate of 29,224 shares of the Company's common stock previously granted to its employees (68 plan participants in total) under the 2014 Plan, in exchange for newly issued options to purchase an aggregate of 63,900 shares of the Company's common stock under the 2014 Plan, at an exercise price equal to the closing trading price on May 1, 2023, or $9.81, with a range of zero to one-third of the options vesting on the May 1, 2023, the grant date, dependent upon the tenure of the employee, and the remainder vesting monthly over the forty-eight month period thereafter, subject to continued service ("Employee Grant Modifications")(collectively, "Modified Employee Grants"). Unrecognized compensation expense related to the original award as of the date of the Employee Grant Modifications totaled $960,000 which is recognized prospectively over the remaining service period of 4 years. Total incremental compensation cost related to the Modified Employee Grants totaled $449,000, $101,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $348,000 related to unvested awards which is recognized prospectively over the remaining service period of 4 years. Noncash stock compensation expense related to the Modified Employee Grants totaled $39,000 and $135,000 for the three and nine months ended September 30, 2024, respectively. Noncash stock compensation expense related to the Modified Employee Grants totaled $56,000 and $224,000 for the three and nine months ended September 30, 2023, respectively.

Total noncash stock-based compensation expense for the periods presented was included in the following financial statement line items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sales, marketing and advertising	$ 124,000	$ 231,000	$ 378,000	$ 631,000
Engineering, technology and development	6,000	14,000	23,000	205,000
General and administrative	226,000	398,000	585,000	1,339,000
Total noncash stock compensation expense	$ 356,000	$ 643,000	$ 986,000	$ 2,175,000

Financing Costs

Specific incremental costs directly attributable to a proposed or actual offering of securities are deferred and charged against the gross proceeds of the equity financing. In the event that the proposed or actual equity financing is not completed, or is deemed not likely to be completed, such costs are expensed in the period that such determination is made. Deferred equity financing costs, if any, are included in other current assets in the accompanying condensed consolidated balance sheet. Deferred financing costs totaled $184,000 and $282,000 as of September 30, 2024 and December 31, 2023, respectively.

Debt Modifications

Modifications to debt obligations are initially analyzed to determine whether the modification qualifies as a troubled debt restricting (TDR). A modification is a troubled debt restructuring if both (1) the borrower is experiencing financial difficulty, and (2) the lender grants the borrower a concession. In determining if a company is experiencing financial difficulties for a TDR, as contemplated by the applicable standard, several factors are considered including whether the company is currently in payment default on any debt, if there is a high probability of future default without modification, bankruptcy considerations, or if there is substantial doubt about the company's ability to continue as a going concern. A lender is granting a concession when the effective borrowing rate on the restructured debt is less than the effective borrowing rate on the original debt. The recognition and measurement of the impact of a TDR on the financial statements depends on whether the future undiscounted cash flows specified by the new terms are greater (gain is recorded in the statement of operations for the difference) or less (no gain is recorded in the statement of operations for the difference) than the carrying value of the debt.

For an exchange of debt instruments or a modification of a debt instrument by a debtor and a creditor in a nontroubled debt situation, the Company initially evaluates whether the modified debt terms are "substantially different" from the original debt. An exchange of debt instruments or a modification of a debt instrument by a debtor and a creditor is deemed to have been accomplished with debt instruments that are substantially different if the present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the remaining cash flows under the terms of the original instrument. If the terms of a debt instrument are changed or modified and the cash flow effect on a present value basis is less than 10 percent, the debt instruments are not considered to be substantially different.

If the modification is not deemed to be substantially different, the modification is accounted for as an adjustment to the carrying amount of the debt, with a recalculated effective interest rate. If the modification is deemed to be substantially different, then the modification is accounted for as an extinguishment of the original debt and issuance of new debt, requiring the recognition of a gain or loss on the extinguishment in the statement of operations.

Transfers of Financial Assets

The Company accounts for transfers of financial assets as sales when it has surrendered control over the related assets. Whether control has been relinquished requires, among other things, an evaluation of relevant legal considerations and an assessment of the nature and extent of the Company's continuing involvement with the assets transferred. Gains and losses stemming from transfers reported as sales, if any, are included in the statements of income. Assets obtained and liabilities incurred in connection with transfers reported as sales are initially recognized in the balance sheet at fair value.

Transfers of financial assets that do not qualify for sale accounting are reported as collateralized borrowings. Accordingly, the related assets remain on the Company's balance sheet and continue to be reported and accounted for as if the transfer had not occurred. Cash proceeds from these transfers are reported as liabilities, with attributable interest expense recognized over the life of the related transactions. Commitment fees charged irrespective of drawdown activity are recognized as expense on a straight line basis over the commitment period and included in other income (expense) in the consolidated statements of operations. Refer to Note 3 for additional information.

Reportable Segments

The Company utilizes the management approach to identify the Company's operating segments and measure the financial information disclosed, based on information reported internally to the Chief Operating Decision Maker ("CODM") to make resource allocation and performance assessment decisions. An operating segment of a public entity has all the following characteristics: (1) it engages in business activities from which it may earn revenue and incur expense; (2) its operating results are regularly reviewed by the public entity's CODM to make decisions about resources to be allocated to the segment and assess its performance: and (3) its discrete financial information is available. Based on the applicable criteria under the standard, the components of the Company's operations are its: (1) media and advertising component, including its publishing and content studio component; and (2) the Company's direct-to-consumer component.

A reportable segment is an identified operating segment that also exceeds the quantitative thresholds described in the applicable standard. Based on the applicable criteria under the standard, including quantitative thresholds, management has determined that the Company has one reportable segment that operated primarily in domestic markets during the periods presented herein.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk are cash equivalents and accounts receivable. Cash and cash equivalents are also invested in deposits with certain financial institutions and may, at times, exceed federally insured limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows.

Risks and Uncertainties

Concentrations. The Company had certain customers whose revenue individually represented 10% or more of the Company's total revenue, or whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable, and vendors whose accounts payable balances individually represented 10% or more of the Company's total accounts payable, as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Number of customers > 10% of revenue / percent of revenue	Two / 25%	Two / 36%	Two / 23%	- / -%

Revenue concentrations were comprised of the following revenue categories:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Media and advertising	-%	17%	11%	-%
Publishing and content studio	25%	19%	12%	-%
	25%	36%	23%	-%

	September 30, 2024	December 31, 2023
Number of customers > 10% of accounts receivable / percent of accounts receivable	Three / 45%	Three / 55%
Number of vendors > 10% of accounts payable / percent of accounts payable	One / 22%	Two / 37%

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the income or loss by the weighted-average number of outstanding shares of common stock for the applicable period. Diluted earnings per share is computed by dividing the income or loss by the weighted-average number of outstanding shares of common stock for the applicable period, including the dilutive effect of common stock equivalents. Potentially dilutive common stock equivalents primarily consist of common stock potentially issuable in connection with the conversion of outstanding preferred stock, convertible notes payable, employee stock options, warrants issued to employees and non-employees in exchange for services and warrants issued in connection with financings.

Common stock underlying all outstanding stock options, restricted stock units and warrants, totaling 3,782,000 and 1,044,000 at September 30, 2024 and 2023, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive. Common stock potentially issuable in connection with the conversion of outstanding preferred stock totaling 11,346,000 and 4,077,000 at September 30, 2024 and 2023, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive. Common stock potentially issuable in connection with the exercise of outstanding additional investment rights, as described below, totaling 8,414,000 and 1,682,000 at September 30, 2024 and 2023, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive.

A reconciliation of net loss to net loss attributable to common stockholders is as follows for the three and nine months ended September 30:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	$ (3,632,000)	$ (2,984,000)	$ (11,347,000)	$ (17,056,000)
Preferred Dividends paid in shares of common stock	(1,694,000)	-	(3,290,000)	-
Deemed dividend on Series AA Preferred Stock – down round feature	-	(6,446,000)	-	(6,446,000)
Net loss attributable to common stockholders	$ (5,326,000)	$ (9,430,000)	$ (14,637,000)	$ (23,502,000)

Modifications of Preferred Stock Instruments

The financial statement impact of a modification or an exchange of a freestanding equity- classified written call options is recognized in the same manner as if cash had been paid as consideration. The Company considers the circumstances of modifications or exchanges of the instrument to determine whether the modification or exchange is related to a financing or other arrangement. The effect of a modification or an exchange is measured as the excess, if any, of the fair value of the modified or exchanged instrument over the fair value of that instrument immediately before it is modified or exchanged. The effect of a modification or an exchange that is directly attributable to a proposed or actual equity offering is recognized as an equity issuance cost.

For preferred stock instruments classified as liabilities under ASC 480 (see placement agent warrants described below), the Company follows the accounting models for the modification or extinguishment of debt, which require that modifications or exchanges of preferred stock instruments classified as liabilities are considered extinguishments, with gains or losses recognized in current earnings if the terms of the new instrument and original instrument are substantially different.

Preferred Stock Dividends

Dividends on preferred stock paid in another class of stock are recorded at the fair value of the shares issued as a charge to retained earnings. Dividends declared on preferred stock that are payable in the Company's common shares are deducted from earnings available to common shareholders when computing earnings per share. Dividends on preferred stock that are due, but unpaid, are reflected in accrued liabilities in the condensed consolidated balance sheet until paid.

Certain of the Company's outstanding preferred stock contain a conversion price down round feature subject to a contractual floor pursuant to the underlying rights in the applicable certificate of designation. Upon the occurrence of a triggering event that results in a reduction of the conversion price for an equity-classified convertible preferred stock, the Company measures the value of the effect of the feature as the difference between the fair value of the financial instrument without the down round feature, with a conversion price corresponding to the currently stated conversion price of the issued instrument, and the fair value of the financial instrument without the down round feature with a conversion price corresponding to the reduced conversion price upon the down round feature being triggered. The value of the effect of a down round feature that is triggered is recognized as a charge to retained earnings and a reduction to income available to common stockholders in the computation of earnings per share. For the three and nine months ended September 30, 2023, total charges to retained earnings as a result of the triggering of down round features related to Series AA Preferred stock totaled $6,446,000. Refer to Note 6 for additional information.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or income tax returns. A valuation allowance is established to reduce deferred tax assets if all, or some portion, of such assets will more than likely not be realized, or if it is determined that there is uncertainty regarding future realization of such assets.

Under U.S. GAAP, a tax position is a position in a previously filed tax return, or a position expected to be taken in a future tax filing that is reflected in measuring current or deferred income tax assets and liabilities. Tax positions are recognized only when it is more likely than not, based on technical merits, that the position will be sustained upon examination. Tax positions that meet the more likely than not thresholds are measured using a probability weighted approach as the largest amount of tax benefit being realized upon settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately forecast actual outcomes. Management believes the Company has no uncertain tax positions for the periods presented.

Contingencies

Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management, in consultation with its legal counsel as appropriate, assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, in consultation with legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Recent Accounting Guidance

Recent Accounting Pronouncements – Not Yet Adopted

In November 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*" ("ASU 2023-07") which updates required disclosures of significant reportable segment expenses that are regularly provided to the CODM and included within each reported measure of a segment's profit or loss. This standard also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The standard is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, though early adoption is permitted. Adoption of ASU 2023-07 should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the presentational impact of ASU 2023-07 and expects to adopt in the year ended December 31, 2024.

In December 2023, the FASB issued ASU No. 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*" ("ASU 2023-09") which enhances the transparency and usefulness of income tax disclosures. The updates are effective for annual periods beginning after December 15, 2024 on a prospective or retrospective basis, though early adoption is permitted. The Company is currently evaluating the presentational impact of ASU 2023-09 and expects to adopt the standard in the year ended December 31, 2025.

3. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	September 30, 2024	December 31, 2023	Weighted Average Amortization Period (Years)
Partner and customer relationships	$ 7,645,000	$ 7,645,000	6.5
Capitalized software development costs	4,755,000	5,912,000	3.0
Capitalized third-party game property costs	500,000	500,000	5.0
Developed technology	3,931,000	3,931,000	5.0
Influencers/content creators	2,559,000	2,559,000	4.5
Trade name	209,000	209,000	5.0
Domain	68,000	68,000	10.0
Copyrights and other	745,000	825,000	5.5
	20,412,000	21,649,000	5.0
Less: accumulated amortization	(15,714,000)	(15,013,000)	
Intangible assets, net	$ 4,698,000	$ 6,636,000	

Amortization expense included in operating expense for the three and nine months ended September 30, 2024 totaled $610,000 and $1,896,000, respectively. Amortization expense included in operating expense for the three and nine months ended September 30, 2023 totaled $1,228,000 and $3,832,000, respectively. Amortization expense included in cost of revenue for the three and nine months ended September 30, 2023 totaled $0 and $31,000, respectively.

The Company expects to record amortization of intangible assets for the year ending December 31, 2024 and future fiscal years as follows:

For the years ending December 31,		
2024 remaining	$	553,000
2025		2,129,000
2026		1,246,000
2027		520,000
2028		237,000
Thereafter		13,000
	$	4,698,000

Sale of Minehut

On February 29, 2024, the Company sold its Minehut Assets to GamerSafer in a transaction approved by the board of directors of the Company. Pursuant to the GS Agreement entered into by and between GamerSafer, the Company will receive $1.0 million of purchase consideration for the Minehut Assets, which amount will be paid by GamerSafer in revenue and royalty sharing over a multiple-year period, as described in the GS Agreement. Other than with respect to the GS Agreement, there is no relationship between the Company or its affiliates with GamerSafer or its affiliates. The transaction allows Super League to streamline its position in partnering with major brands to build, market, and operate 3D experiences across multiple immersive platforms, including open gaming powerhouses like Minecraft, and aligns with the Company's cost improvement initiatives. Super League and GamerSafer will maintain a commercial relationship which ensures that Minehut can remain an ongoing destination available to Super League's partners. The carrying value of Minehut related assets totaled $475,000 as of February 26, 2024, comprised of total carrying costs of $1,671,000, net of accumulated amortization of $1,196,000, and historically were included in intangible assets, net in the condensed consolidated balance sheet.

The Company recorded a receivable for the total estimated purchase consideration totaling $619,000, of which $224,000 was initially included in prepaid expense and other current assets and $395,000 is included in other receivables in noncurrent assets, and recognized a gain on sale of the Minehut Assets totaling $144,000, which is included in other income in the condensed consolidated statement of operations. The Purchase Consideration in the GS Agreement is variable pursuant to the guidance set forth in ASC 606. Under ASC 606, purchase consideration is variable if the amount the Company will receive is contingent on future events occurring or not occurring, even though the amount itself is fixed. As such, the Company estimated the amount of consideration to which the Company will be entitled, in exchange for transferring the Minehut Assets to GamerSafer, utilizing the expected value method which is the sum of probability-weighted amounts in a range of possible consideration outcomes over the applicable contractual payment period, resulting in an estimated receivable of $619,000. Amounts collected over and above the estimated purchase consideration recorded at contract inception, if any, will be recognized as additional gains on the sale of Minehut Assets when realized in future periods, up to the $1.0 million stated contractual amount of purchase consideration. During the three and nine months ended September 30, 2024, the Company calculated royalties due from GamerSafer pursuant to the GS Agreement totaling $46,000 and $209,000, respectively.

In the event GamerSafer does not make royalty or shortfall payments in the amount of $1.0 million by December 31, 2028 ("Payment Deadline"), GamerSafer shall assign and transfer all of the purchased assets back to the Company. In the event that GamerSafer determines in good faith that the acquisition of the assets and the operation of GamerSafer's related Minehut business becomes operationally unsustainable for any reason, GamerSafer reserves the right, at its sole discretion, to terminate operations (the "Termination"). In the event a Termination occurs prior to the Purchase Consideration being paid in full, then in such event GamerSafer shall promptly assign all Minehut Assets and back to the Company.

Disposal of intangible assets

During the three months ended June 30, 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers. The assets were disposed of in connection with management's review of operations and decision to allocate resources elsewhere. As a result, the Company recorded a write-off of net developed technology related intangible assets acquired in connection with the acquisition of Bannerfy totaling $2,284,000, which is included in "Loss on intangible asset disposal" in the accompanying condensed consolidated statement of operations for the three and six months ended June 30, 2023. Developed technology related intangibles asset acquisition costs were reduced $3,069,000, and related accumulated depreciation was reduced $785,000, in connection with the disposal of the intangible asset.

4. ACQUISITIONS

Acquisition of Melon, Inc.

On May 4, 2023 ("Melon Acquisition Date"), Super League entered into an Asset Purchase Agreement (the "Melon Purchase Agreement") with Melon, Inc., a Delaware corporation ("Melon"), pursuant to which the Company acquired substantially all of the assets of Melon (the "Melon Assets") (the "Melon Acquisition"). The consummation of the Acquisition (the "Melon Closing") occurred simultaneously with the execution of the Purchase Agreement. Melon is a development studio building innovative virtual worlds in partnership with powerful consumer brands across music, film, TV, sports, fashion and youth culture. The acquisition of Melon further strengthens the Company's position as a one-stop solutions provider and strategic operating partner for brands and businesses seeking to expand and activate communities throughout the gaming metaverse.

At the Melon Closing, the Company paid an aggregate total of $900,000 to Melon (the "Melon Closing Consideration"), of which $150,000 was paid in cash, and the remaining $750,000 was paid in the form of shares of the Company's common stock (with a closing date fair value of $722,000), valued at $9.64 (the "Closing Share Price"), the VWAP, as quoted on the Nasdaq Capital Market, for the five (5) trading days immediately preceding May 4, 2023. Refer to the table below for calculation of the fair value of consideration paid.

Pursuant to the terms and subject to the conditions of the Purchase Agreement, up to an aggregate of $2,350,000 (the "Melon Contingent Consideration") will be payable to Melon in connection with the achievement of certain revenue milestones for the period from the Melon Closing until December 31, 2023 (the "Melon First Earnout Period") in the amount of $1,000,000, and for the year ending December 31, 2024 (the "Melon Second Earnout Period") in the amount of $1,350,000 (the "Melon Second Earnout Period" and the "Melon First Earnout Period" are collectively referred to as the "Melon Earnout Periods"). The Melon Contingent Consideration is payable in the form of cash and common stock, with $600,000 of the aggregate Melon Contingent Consideration being payable in the form of cash, and $1,750,000 payable in the form of common stock, valued at the greater of (a) the Closing Share Price, and (b) the VWAP for the five trading days immediately preceding the end of each respective Melon Earnout Period.

Additionally, pursuant to the Melon Purchase Agreement, the Company entered into employment agreements with two former key Melon employees ("Key Melon Employees"), pursuant to which the Key Melon Employees were granted inducement awards consisting of restricted stock unit awards ("RSUs") to acquire an aggregate of 103,780 shares of the Company's common stock. The awards were granted pursuant to terms and conditions fixed by the Compensation Committee of the Board and as an inducement material to each new employee entering employment with Super League in accordance with Nasdaq Listing Rule 5635I(4). Of the 103,780 RSUs: (A) 41,512 of the RSUs will vest in 25 equal monthly installments beginning on May 4, 2023, and on the first of each calendar month, subject to the applicable employee's continued service with Super League on each such vesting date; and (B) 62,268 of the RSUs will vest as follows: (i) 25% will vest upon the achievement of certain net revenue targets for the fiscal year ending December 31, 2024, to be determined by the Board in its discretion; (ii) 25% upon the achievement of certain net revenue targets for the fiscal year ending December 31, 2025, to be determined by the Board in its sole discretion; (iii) 25% upon Super League's common stock maintaining a minimum closing price of at least $30.00 over a rolling 30 consecutive trading day period, as quoted on the Nasdaq Capital Market; and (iv) 25% upon Super League's common stock maintaining a minimum closing price of at least $50.00 over a rolling 30 consecutive trading day period, as quoted on the Nasdaq Capital Market. The vesting of the RSUs will accelerate upon a change of control of the Company. In addition, upon (Y) the Company's termination of the employment of the respective employee without cause, or (Z) the respective employees resignation for good reason, the RSUs will continue to vest as if (Y) or (Z) had not occurred. The RSUs are subject to the terms and conditions of the RSU agreement covering each grant.

The Acquisition was approved by the board of directors of each of the Company and Melon and was approved by the sole stockholder of Melon.

In accordance with the acquisition method of accounting, the financial results of Super League presented herein include the financial results of Melon subsequent to the Melon Closing Date. Disclosure of revenue and net loss for Melon on a stand-alone basis for the applicable periods presented is not practical due to the integration of Melon activities, including sales, products, advertising inventory, resource allocation and related operating expense, with those of the consolidated Company upon acquisition, consistent with Super League operating in one reporting segment.

The Company determined that the Melon Acquisition constitutes a business acquisition as defined by ASC 805. Accordingly, the assets acquired, and liabilities assumed in the transaction were recorded at their estimated acquisition date fair values, while transaction costs associated with the acquisition, totaling approximately $47,000, were expensed as incurred pursuant to the acquisition method of accounting in accordance with ASC 805. Super League's preliminary purchase price allocation was based on an evaluation of the appropriate fair values of the assets acquired and liabilities assumed and represents management's best estimate based on available data. Fair values are determined based on the requirements of ASC 820.

The following table summarizes the determination of the fair value of the purchase price consideration paid in connection with the Melon Acquisition, as of the Melon Closing Date:

Cash consideration			$ 150,000
Equity consideration– shares of common stock		77,833	
Super League closing stock price per share on the Melon Closing Date	$	9.28	
Fair value of equity consideration issued	$	722,000	722,000
Fair value of contingent consideration			1,350,000
Fair value of total consideration paid			$ 2,222,000

The purchase price allocation was based upon an estimate of the fair value of the assets acquired and the liabilities assumed by the Company in connection with the Melon Acquisition, as of the Melon Closing Date, as follows:

	Amount
Assets Acquired and Liabilities Assumed:	
Accounts receivable and other assets	$ 36,000
Liabilities assumed	(188,000)
Identifiable intangible assets	510,000
Identifiable net assets acquired	358,000
Goodwill	1,864,000
Total purchase price	$ 2,222,000

The following table presents details of the fair values of the acquired intangible assets of Melon:

	Estimated Useful Life (in years)	Amount
Developed technology	5	$ 250,000
Developer relationships	2	50,000
Customer relationships	6	190,000
Trade names / trademarks	0.5	20,000
Total intangible assets acquired		$ 510,000

Contingent consideration is recorded as a liability in the accompanying consolidated balance sheets in accordance with ASC 480, which requires freestanding financial instruments where the Company must or could settle the obligation by issuing a variable number of its shares, and the obligation's monetary value is based solely or predominantly on variations in something other than the fair value of the Company's shares, to be recorded as a liability at fair value and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The estimated fair value of the Melon Contingent Consideration was $538,000 at December 31, 2023. The fair value of the Melon Contingent Consideration on the respective valuation dates was determined utilizing a Monte Carlo simulation model and measured using Level 3 inputs, as described at Note 2. Assumptions utilized in connection with utilization of the Monte Carlo simulation model for the periods presented included risk free interest rates ranging from 4.04 % to 5.35%, volatility rates ranging from 70% to 85%, and discount rate of 30%.

The change in fair value, which is included in contingent consideration expense in the condensed consolidated statement of operations for the applicable periods present was comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	$ 336,000	$ 1,432,000	$ 538,000	$ -
Contingent Consideration – Initial accrual – May 2023	-	-	-	1,350,000
Change in fair value(3)	(68,000)	(750,000)	(148,000)	(668,000)
Contingent consideration payments (2)	-	-	(122,000)	-
Accrued contingent consideration(1)	$ 268,000	$ 682,000	$ 268,000	$ 682,000

(1) As of September 30, 2024, the accrual for the Second Earn Out Period included 84,211 shares of common stock valued at $0.62, the closing price of our common stock as of September 30, 2024,

(2) In May 2024, the Company paid Melon Accrued Contingent consideration related to the Melon First Earn Out Period, comprised of $32,000 of cash payments and payment of 72,118 shares of our common stock valued at $90,000.

(3) Reflected in the condensed consolidated statement of operations for the applicable period.

Aggregated amortization expense related to intangible assets acquired in connection with the Melon Acquisition for the three and nine months ended September 30, 2024 totaled $27,000 and $80,000, respectively. Aggregated amortization expense related to intangible assets acquired in connection with the Melon Acquisition for the three and nine months ended September 30, 2023 totaled $37,000 and $60,000, respectively.

Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill recorded in connection with the Melon Acquisition is primarily attributable to expected synergies from combining the operations and assets of Super League and Melon, and also includes residual value attributable to the assembled and trained workforce acquired in the acquisition.

Management is primarily responsible for determining the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as of the Melon Closing Date. Management considered a number of factors, including reference to a preliminary independent analysis of estimated fair values solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. The analysis included a preliminary discounted cash flow analysis which estimated the future net cash flows expected to result from the respective assets acquired as of the Melon Closing Date. A discount rate consistent with the risks associated with achieving the estimated net cash flows was used to estimate the present value of future estimated net cash flows. The Company is in the process of finalizing the estimates and assumptions developed in connection with the independent analysis of estimated fair values of intangible assets acquired solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. Any adjustments to the fair values of intangible assets acquired, or estimates of economic useful lives of the intangible assets acquired, could impact the carrying value of those assets and related goodwill, as well as the estimates of periodic amortization of intangible assets acquired to be reflected in the statement of operations.

The fair values of the acquired intangible assets, as described above, was determined using the following methods:

Description	Valuation Method Applied	Valuation Method Description	Assumptions
Customer relationships	Multi-Period Excess Earnings Method “MPEE”) under the Income Approach	MPEEM is an application of the DCF Method, whereby revenue derived from the intangible asset is estimated using the overall business revenue, adjusted for attrition, obsolescence, cost of goods sold, operating expense, and taxes. Required returns attributable to other assets employed in the business are subtracted. The “excess” earnings are attributable to the intangible asset and are discounted to present value at a rate of return to estimate the fair value of the intangible asset.	Discount rate: 30.0%; Forecast period: 6.7 years; Attrition Rate: 30.0%.
Trade names / trademarks	Relief-from-Royalty Method under the Income Approach	Under the Relief-from-Royalty method, the royalty savings is calculated by estimating a reasonable royalty rate that a third-party would negotiate in a licensing agreement. Such royalties are most commonly expressed as a percentage of total revenue involving the technology.	Forecast period: 8.0 months; Royalty Rate: 1.0%; Discount Rate: 30.0%.
Non-Compete agreements	Differential Cash Flows	The Differential Cash Flows Approach is a version of the income approach that values an intangible asset as the present value of the cash flows that a company would lose if they did not have the asset in place. The differential cash flow is calculated as the difference between the cash flow assuming competition and the cash flow without competition.	Competition Probability: 30.0%; Revenue impact: 20.0%; Discount Rate: 30.0%; Term 2.16 years.
Developed technology	Replacement Cost Method	In the Replacement Cost Method, value is estimated by determining the current cost of replacing an asset with one of equivalent economic utility. The premise of the approach is that a prudent investor would pay no more for an asset than the amount for which the utility of the asset could be replaced.	Rate of Return: 30.0%; Discount rate: 30.0%; Replacement period: 3.0 months.

For tax purposes, consistent with the accounting for book purposes, the Melon Closing Consideration was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess purchase price allocated to goodwill. As a result, no deferred tax assets or liabilities were recorded with the acquisition and all of the goodwill is expected to be deductible for tax purposes.

The following unaudited pro forma combined results of operations for the periods presented are provided for illustrative purposes only. The unaudited pro forma combined statements of operations for the three and nine months ended September 30, 2023 and 2022, assume the acquisition occurred as of January 1, 2022. The unaudited pro forma combined financial results do not purport to be indicative of the results of operations for future periods or the results that actually would have been realized had the entities been a single entity during these periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	$ 7,195,000	$ 5,234,000	$ 16,284,000	$ 14,592,000
Net Loss	(3,011,000)	(53,591,000)	(17,877,000)	(71,516,000)

Pro forma adjustments primarily relate to the amortization of identifiable intangible assets acquired over the estimated economic useful life as described above, the exclusion of nonrecurring transaction costs, the exclusion of depreciation related to tangible and intangible assets of Melon existing immediately prior to the Melon Acquisition Date, and adjustments related to administrative redundancies.

Acquisition of Super Biz – Contingent Consideration

On October 4, 2021 (“Super Biz Closing Date”), the Company entered into an Asset Purchase Agreement (the “Super Biz Purchase Agreement”) with Super Biz Co. and the founders of Super Biz (the “Founders”), pursuant to which the Company acquired (i) substantially all of the assets of Super Biz (the “Super Biz Assets”), and (ii) the personal goodwill of the Founders regarding Super Biz’s business, (the “Super Biz Acquisition”). The consummation of the Super Biz Acquisition (the “Super Biz Closing”) occurred simultaneously with the execution of the Super Biz Purchase Agreement on the Super Biz Closing Date.

Pursuant to the terms and subject to the conditions of the Super Biz Purchase Agreement, up to an aggregate amount $11.5 million will be payable to Super Biz and the Founders in connection with the achievement of certain revenue milestones for the period from the Super Biz Closing Date until December 31, 2022 (“Initial Earn Out Period”) and for the fiscal year ending December 31, 2023 (the “Super Biz Second Earn Out Period”) (“Super Biz Earn Out Periods”). The Super Biz Contingent Consideration is payable in the form of both cash and shares of the Company’s common stock, in equal amounts, as more specifically set forth in the Super Biz Purchase Agreement.

The Company hired the Founders of Super Biz in connection with the Super Biz Acquisition. Pursuant to the provisions of the Super Biz Purchase Agreement, in the event that a Founder ceases to be an employee during any of the Super Biz Earn Out Periods, as a consequence of his resignation without good cause, or termination for cause, the Super Biz Contingent Consideration will be reduced by one-half (50%) for the respective Super Biz Earn Out Periods, if and when earned. Under ASC 805, a contingent consideration arrangement in which the payments are automatically forfeited if employment terminates is considered to be compensation for post-combination services, and not acquisition consideration. As such, the Super Biz Contingent Consideration, is accounted for as post-combination services and expensed in the period that payment of any amounts of contingent consideration is determined to be probable and reasonably estimable. Contingent consideration is recorded as a liability in the accompanying condensed consolidated balance sheets in accordance with ASC 480, which requires freestanding financial instruments where the company must or could settle the obligation by issuing a variable number of its shares, and the obligation's monetary value is based solely or predominantly on variations in something other than the fair value of the company's shares, to be recorded as a liability at fair value and re-valued at each reporting date, with changes in the fair value reported in the condensed consolidated statements of operations.

The change in accrued Super Biz Contingent Consideration and the related income statement impact for the periods presented was comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	$ 1,765,000	$ 709,000	$ 1,670,000	$ 3,206,000
Accrued contingent consideration(3)	-	351,000	142,000	1,073,000
Change in fair value(3)	-	(63,000)	(9,000)	141,000
Contingent consideration Payments(2)	-	-	(38,000)	(3,423,000)
Issuance of Super Biz Note (as described below)	(1,765,000)	-	(1,765,000)	-
Accrued contingent consideration(1)	$ -	$ 997,000	$ -	$ 997,000

(1) As of September 30, 2024, reflects the cash portion of the Super Biz Second Earn Out Period related contingent consideration payable. As of September 30, 2023, the accrual included 16,636 shares of common stock valued at $1.74, the closing price of our common stock as of the applicable period end date.

(2) In May 2024, the Company paid accrued contingent consideration related to the Super Biz Second Earn Out Period, comprised of 30,330 shares of our common stock valued at $38,000. In April 2023, the Company paid accrued contingent consideration related to the Initial Earn Out Period, comprised of $2.9 million of cash payments and payment of 987,973 shares of our common stock valued at $548,000.

(3) Reflected in the condensed consolidated statement of operations for the applicable period

Issuance of Promissory Note. In August 2024, the Company issued an unsecured promissory note to the Founders in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding, with a principal amount totaling approximately $1.8 million, whereby the Company is obligated to pay the outstanding contingent consideration on the following repayment terms ("Super Biz Note"):

(i) upon receipt of new equity funding in the aggregate amount of $3.0 million or more subsequent to the date of the Super Biz Note, in one transaction or series of transactions, the Super Biz Note shall be repaid with interest in four (4) equal monthly installments commencing on the initial closing date of such equity funding;

(ii) upon receipt of new equity funding in the aggregate amount of $5.0 million or more subsequent to the date of the Super Biz Note, in one transaction or series of transactions, the Super Biz Note shall be repaid with interest in three (3) equal monthly installments commencing on the initial closing date of such equity funding;

(iii) upon new equity funding received by the Company in the aggregate amount of $7.0 million or more subsequent to the date of the Super Biz Note, in one transaction or series of transactions, the Super Biz Note shall be repaid with interest in two (2) equal monthly installments commencing on the initial closing date of such equity funding; or

(iv) in the event none of subsections 2(i)-(iii) occur, then the Super Biz Note shall be repaid in full on June 1, 2025 (the "Maturity Date").

Interest accrues on the outstanding principal at the rate of 8.5% per annum, and accrues until the earlier of (i) repayment of the Super Biz Note in full, or (ii) the Maturity Date; provided, however, during the existence of an event of default, as defined in the Super Biz Note, interest shall accrue on all outstanding principal at the contractual default rate, as defined in the Super Biz Note. Super Biz Note related interest expense for the three and nine months ended September 30, 2024 totaled $25,000 and $25,000, respectively.

All outstanding principal and accrued interest may be prepaid by the Company prior to the Maturity Date at the election of the Company. Upon the occurrence of any event of default, as defined in the Super Biz Note, the Founders may at any time declare all unpaid obligations to be immediately due and payable.

Restricted Common Stock Issuance. In addition, in connection with the issuance of the Super Biz Note, during the period commencing January 2, 2025 and concluding on January 6, 2025, the Company will issue 98,438 shares of the Company's common stock to the Founders.

The issuance of the Super Biz Note in exchange for the related accrued contingent consideration balance was accounted for as an extinguishment of the original liability due to the fact that the present value of the cash flows under the terms of Super Biz Note was determined to be at least 10 percent different from the present value of the remaining cash flows under the terms of the original obligation. As a result, a gain on extinguishment totaling $336,000 was recorded in the statement of operations, and credited to additional paid in capital (included in "Other" in the consolidated statement of stockholder's equity), for the three and nine months ended September 30, 2024, primarily comprised of the fair value of the 98,438 shares of restricted stock (based on closing price of our common stock on the date of issuance of the Super Biz Note) to be issued, as described above.

The default interest provision included in the Super Biz Note represents an embedded derivative with a fair value of $171,000 as of August 1, 2024, the date of issuance of the Super Biz Note. The fair value of the derivative liability is included in the September 30, 2024 balance sheet under the caption "Promissory note – contingent consideration," and is required to be marked to market at each balance sheet. The change in fair value of the derivative liability was not material for the three and nine months ended September 30, 2024.

5. DEBT

Accounts Receivable Financing Facility

Super League Enterprise, Inc. and certain of its subsidiaries (collectively with the Company, the "Borrowers"), entered into a Financing and Security Agreement (the "SLR Agreement") with SLR Digital Finance, LLC ("Lender"), effective December 17, 2023 (the "Facility Effective Date"). Pursuant to the SLR Agreement, Lender may, from time to time and in its sole discretion, make certain cash advances to the Company (each an "Advance", and collectively, "Advances"), against the face amounts of certain uncollected accounts receivable of the Borrowers on an account-by-account basis (each, a "Financed Account", and collectively, the "Accounts"), at a rate of 85% multiplied by the face value of such Account (the "Advance Rate"), less any reserved funds and any other amounts due to Lender from Borrowers, up to a maximum aggregate Advance amount of $4,000,000 (the "Maximum Amount")(collectively, the "AR Facility"). Upon receipt of any Advance, Borrowers will have assigned all of its rights in such receivables and all proceeds thereof. The proceeds received from the Facility will be used to fund general working capital needs.

The SLR Agreement is effective for 24 months from the Facility Effective Date (the "Term"), automatically extends for successive Terms (each, a "Renewal Term"), and the Borrowers' are obligated to pay the Lender an early termination fee in the event the SLR Agreement is terminated under certain circumstances prior to the end of any Term or Renewal Term, as more specifically set forth in the SLR Agreement.

In connection with the AR Facility, the Company agreed to, among other things, (i) pay a finance fee equal to 2% of the Maximum Amount, payable in 24 equal monthly installments on the last day of each month of the Term until paid in full, (ii) pay a servicing fee equal to 0.30% multiplied by the actual average daily amount of Advances outstanding at the time of determination (the "Outstanding Amount") for the applicable month, on the last day of each calendar month during the Term (or so long as any obligations arising under the SLR Agreement are outstanding); (iii) be charged a monthly financing fee (the "Financing Fee"), due upon receipt of full payment of a Financed Account by Lender, equal to 1/12 of (a) the prime rate plus 2% (the "Facility Rate"), multiplied by (b) the amount of the Outstanding Amount; and (iv) utilize the facility such that the monthly average aggregate Advances outstanding is at $400,000 (the "Minimum Utilization"). In the event that Borrower's monthly utilization is less than the applicable Minimum Utilization for any month, the Financing Fee for such month shall be calculated as if the applicable Minimum Utilization has been satisfied.

The SLR Agreement imposes various restrictions on the activities of the Borrowers, including a prohibition on fundamental changes to the Company or its subsidiaries (including certain consolidations, mergers and sales and transfers of assets, and limitations on the ability of the Borrowers to grant liens upon their property or assets). The SLR Agreement includes standard Events of Default (as defined in the SLR Agreement), and provide that, upon the occurrence of certain events of default, Lender may, among other things, immediately collect any obligation owing to Lender under the SLR Agreement, cease advancing money to the Borrowers, take possession of any collateral, and/or charge interest at a rate equal to the lesser of (i) 6% above the Facility Rate, and (ii) the highest default rate permitted by applicable law.

As security for the full and prompt payment and performance of any obligations arising under the SLR Agreement, the Borrowers granted to Lender a continuing first priority security interest in all the assets of the Borrowers. The SLR Agreement also provides for customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default.

Transfers of financial assets that do not qualify for sale accounting are reported as collateralized borrowings. Financing and servicing fees calculated with reference to amounts advanced under the AR Facility are included in interest expense. The commitment fee, based on the maximum facility amount and payable irrespective of drawdowns, is expensed on a straight line basis over the term of the AR Facility and included in other income (expense) in the consolidated statement of operations.

Total amounts advanced under the AR Facility for the nine months ended September 30, 2024 totaled $1,033,000. Total repayments of advances under the AR Facility for the nine months ended September 30, 2024 totaled $1,833,000. Interest expense for the three and nine months ended September 30, 2024 totaled $19,000 and $52,000, respectively. Commitment fee expense for the three and nine months ended September 30, 2024 totaled $10,000 and $30,000, respectively.

Convertible Notes Payable at Fair Value

On May 16, 2022, the Company entered into a Securities Purchase Agreement (the "SPA") with three institutional investors (collectively, the "Note Holders") providing for the sale and issuance of a series of senior convertible notes in the aggregate original principal amount of $4,320,000, of which 8% is an original issue discount ("OID") (each, a "Note," and, collectively, the "Notes," and such financing, the "Note Offering"). The Notes accrued interest at a guaranteed annual rate of 9% per annum, were set to mature 12 months from the date of issuance, and were convertible at the option of the Note Holders into that number of shares of the Company's common stock, equal to the sum of the outstanding principal balance, accrued and unpaid interest, and accrued and unpaid late charges (the "Conversion Amount"), divided by $80.00 (the "Conversion Price"), subject to adjustment upon the occurrence of certain events as more specifically set forth in the Note, as amended. In the event of the occurrence of an event of default, the Note Holders may, at the Note Holder's option, convert all, or any part of, the Conversion Amount into shares of common stock at 90% of the lowest volume weighted average price of the ten trading days preceding the date for which the price is being calculated.

In addition, the Company was required to redeem all or a portion of the Notes under certain circumstances, and, in the event the Company consummated a subsequent equity financing, then the Note Holders had the right, but not the obligation, to require the Company to use 50% of the gross proceeds raised from such sale to redeem all or any portion of the Conversion Amount then remaining under the Notes, in cash, at a price equal to the Conversion Amount being redeemed.

The Notes were issued with an original issue discount of $320,000, or 8%, which was recorded as an adjustment to the carrying amount of the Notes. The original issue discount was amortized using the interest method over the contractual term of the Notes and reflected as interest expense in the statement of operations. At December 31, 2022, the balance of the original issue discount was $40,000. Amortization of original issue discount for the three and nine months ended September 30, 2023 totaled $0 and $40,000, respectively.

Interest paid during the three months ended March 31, 2023 totaled $180,000. At December 31, 2022, the remaining principal balance of the Notes totaled $539,000, and accrued interest totaled $180,000, both of which were paid in full during the three months ended March 31, 2023. As of March 31, 2023, all amounts of principal and interest under the Notes were fully paid, resulting in a Convertible note payable and accrued interest balance of $0.

6. STOCKHOLDERS' EQUITY AND EQUITY-LINKED INSTRUMENTS

Reverse Stock Split

On September 7, 2023, the Company filed the 2023 Second Amendment to the Company's Charter, to effect a reverse stock split of the Company's issued and outstanding shares of common stock at a ratio of 1-for-20 (the "Reverse Split"). The Reverse Split was approved by the Company's Board of Directors on July 5, 2023, and approved by the stockholders of the Company on September 7, 2023. The 2023 Second Amendment became effective on September 11, 2023. The Company's shares began trading on a Reverse Split-adjusted basis on the Nasdaq Capital Market on September 11, 2023.

As a result of the Reverse Split, every 20 shares of the Company's issued and outstanding common stock was automatically combined and converted into one issued and outstanding share of common stock. No fractional shares of common stock were issued as a result of the Reverse Split. Instead, in lieu of any fractional shares to which a stockholder of record would otherwise be entitled as a result of the Reverse Split, the Company paid cash (without interest) equal to the value of such fractional share. The Reverse Split did not modify the rights or preferences of the common stock.

All references to common stock, warrants to purchase common stock, options to purchase common stock, restricted stock, share data, per share data and related information contained in the financial statements have been retroactively adjusted to reflect the effect of the Reverse Split for all periods presented.

Preferred Stock

The Company's initial certificate of incorporation authorized 5,000,000 shares of preferred stock, par value $0.001 per share. In October 2016, the Company's Board of Directors and a majority of the holders of the Company's common stock approved an amendment and restatement of the certificate of incorporation which, in part, eliminated the authorized preferred stock. In August 2018, the Board of Directors approved a second amendment and restatement of the Company's amended and restated certificate of incorporation (the "Amended and Restated Charter") to, in part, increase the Company's authorized capital to a total of 110.0 million shares, including 10.0 million shares of newly created preferred stock, par value $0.001 per share ("Preferred Stock"), authorize the Board of Directors to fix the designation and number of each series of Preferred Stock, and to determine or change the designation, relative rights, preferences, and limitations of any series of Preferred Stock. The Amended and Restated Charter was approved by a majority of the Company's stockholders in September 2018, and was filed with the State of Delaware in November 2018. All references in the accompanying consolidated financial statements to Preferred Stock have been restated to reflect the Amended and Restated Charter.

Common Stock

The Amended and Restated Charter also increased the Company's authorized capital to include 100.0 million shares of common stock, par value $0.001, and removed the deemed liquidation provision, as such term is defined in the Amended and Restated Charter. Each holder of common stock is entitled to one vote for each share of common stock held at all meetings of stockholders.

On May 30, 2023, the Company filed the 2023 First Amendment to its Charter, increasing the number of authorized shares of common stock from 100,000,000 to 400,000,000. The Company's Board of Directors approved the 2023 First Amendment on March 17, 2023, and the Company obtained the approval of the 2023 First Amendment by written consent of its stockholders holding greater than 50% of the voting securities of the Company on April 5, 2023.

Equity Financings

Convertible Preferred Stock

On the dates set forth in the table below, we entered into subscription agreements with accredited investors in connection with the sale of newly designated Series of Convertible Preferred Stock, each series having a $0.001 par value and a $1,000 purchase price ("Stated Value"), hereinafter collectively referred to as "Convertible Preferred Stock, and the individual offerings of preferred stock referred to by the combination of "Series" and the specific letter designation of each series (i.e. "Series A Preferred Stock Offering" refers to the Series A preferred stock offering, and "Series A Preferred Stock" refers to Series A convertible preferred stock), and each series of Convertible Preferred Stock issued, collectively referred to as "Preferred Stock Offerings," as follows (rounded to the nearest thousands, except preferred share and conversion price data):

		Preferred Stock				Proceeds			Conversion Shares - Common Stock			Other
Series Designation	Closing Date	Conversion Prices(2)(3)(4)	Shares Purchased/ Issued in Exchange(6)	Conversions / Exchanges	Outstanding - September 30, 2024	Gross Proceeds	Fees	Net Proceeds	Original	Conversions / Exchanges(5)	September 30, 2024	Placement Agent Warrants(1)
A	November 22, 2022	$ 12.40	5,359	(4,919)	440	$ 5,359,000	$ 697,000	$ 4,662,000	432,000	(397,000)	35,000	62,000
A-2	November 28, 2022	$ 13.29	1,297	(834)	463	1,297,000	169,000	1,128,000	98,000	(63,000)	35,000	14,000
A-3	November 30, 2022	$ 13.41	1,733	(1,418)	315	1,733,000	225,000	1,508,000	129,000	(106,000)	23,000	18,000
A-4	December 22, 2022	$ 7.60	1,934	(1,554)	380	1,934,000	251,000	1,683,000	254,000	(204,000)	50,000	36,000
A-5	January 31, 2023	$ 11.09	2,299	(1,519)	780	2,299,000	299,000	2,000,000	207,000	(137,000)	70,000	30,000
AA	April 19, 2023	$9.43/$1.89	7,680	(3,981)	3,699	7,680,000	966,000	6,714,000	4,072,000	(2,111,000)	1,961,000	114,000
AA-2	April 20, 2023	$10.43/$2.09	1,500	(1,500)	-	1,500,000	130,000	1,370,000	719,000	(719,000)	-	13,000
AA-3	April 28, 2023	$9.50/$1.90	1,025	(1,000)	25	1,025,000	133,000	892,000	539,000	(526,000)	13,000	15,000
AA-4	May 5, 2023	$9.28/$1.86	1,026	(526)	500	1,026,000	133,000	893,000	553,000	(283,000)	270,000	16,000
AA-5	May 26, 2023	$10.60/$2.12	550	(500)	50	550,000	72,000	478,000	259,000	(236,000)	23,000	7,000
AAA	November 30, 2023	$ 1.67	9,388	(1,513)	7,875	9,388,000	645,000	8,743,000	5,608,000	(904,000)	4,704,000	466,000
AAA-2	December 22, 2023	$ 1.71	5,334	(2,126)	3,208	5,334,000	357,000	4,977,000	3,119,000	(1,243,000)	1,876,000	452,000
AAA-Junior	June 26, 2024	$ 1.25	1,210	-	1,210	1,210,000	145,000	1,065,000	968,000	-	968,000	140,000
AAA-Junior - 2	July 10, 2024	$ 1.25	551	-	551	551,000	66,000	485,000	441,000	-	441,000	64,000
AAA-Junior - 3	September 20, 2024	$ 1.25	697	-	697	697,000	84,000	613,000	558,000	-	558,000	81,000
AAA-Junior – 4(7)	September 30, 2024	$ 1.25	399	-	399	399,000	48,000	351,000	319,000	-	319,000	46,000
			41,982	(21,390)	20,592	$ 41,982,000	$ 4,420,000	$ 37,562,000	18,275,000	(6,929,000)	11,346,000	1,574,000

(1) Pursuant to the terms of the Placement Agent Agreements, we agreed to issue to the Placement Agent, following the final closing under the individual Preferred Stock Offerings (effective as of the respective individual series closing dates), five-year warrants to purchase 14.5% of the shares of common stock issuable upon conversion of the respective series of Convertible Preferred Stock sold in the respective Preferred Stock Offering, at an exercise price equal to the applicable Preferred Stock Offering conversion price.

(2) The Conversion price for Series AA Preferred Stock outstanding as of August 23, 2023, totaling 10,706 shares of Series AA Preferred Stock, was adjusted to $2.60 as a result of the Series AA Down Round Feature described below.

(3) The Conversion prices for the Series AA Preferred Stock outstanding as of November 30, 2023, totaling 7,322 shares of Series AA Preferred Stock, were adjusted to the conversion prices shown in the table above, as a result of the Series AA Down Round Feature described below.

(4) The triggering of the Down Round Feature for the Series AA Preferred Stock, occurring in August 2023, resulted in a deemed dividend totaling $6,446,000, which was charged to retained earnings in the September 30, 2023 consolidated balance sheet.

(5) As adjusted to reflect reduction in conversion prices as a result of the Series AA Down Round Feature, described below.

(6) Series AAA and Series AAA-2 totals include 4,011 and 2,356 preferred shares, respectively, issued in connection with the Exchange Agreements described below.

(7) A portion of the proceeds received subsequent to September 30, 2024. Receivable totaling $300,000 included in additional paid in capital as of September 30, 2024.

Convertible Preferred Stock Preferences, Rights and Limitations – General

Certificates of Designation. In connection with each of the Preferred Stock Offerings, the Company filed Certificates of Designation of Preferences, Rights and Limitations of each series with the State of Delaware. Use of net proceeds included working capital, general corporate purposes, and certain indebtedness (Series A Preferred only), including sales and marketing activities and product development.

Conversion Feature. Each share of preferred stock is convertible into such number of shares of the Company's common stock equal to the number of preferred shares to be converted, multiplied by the Stated Value, divided by the conversion price in effect at the time of the conversion, subject to adjustment in the event of stock splits, stock dividends, certain fundamental transactions and future issuances of equity securities, as described herein. In addition, on the one-year anniversary of the respective filing date, the Company may, in its discretion, convert (y) 50% of the outstanding shares of Preferred into the Company's common stock if the VWAP of such common stock over the previous 10 days as reported on the NASDAQ Capital Market equals at least 250% of the conversion price, or (z) 100% of the outstanding shares of Series AAA Preferred into the Company's common stock if the VWAP equals at least 300% of the conversion price. The conversion price is equal to the "Minimum Price," as defined in NASDAQ Rule 5635(d)(1), on the Preferred Stock Offering closing date. In addition, Series A Preferred Stock outstanding will automatically convert into shares of common stock at the Conversion Price upon the earlier of (a) the 24-month anniversary of the effective date or (b) the consent to conversion by holders of at least 51% of the outstanding shares of Series A Preferred.

Voting Rights. Each individual series of preferred stock shall vote together with the common stock on an as-converted basis, and not as a separate class, subject to the primary market limitations, except that holders of each individual series of preferred stock shall vote as a separate class with respect to (a) amending, altering, or repealing any provision of the respective series' Certificate of Designation in a manner that adversely affects the powers, preferences or rights of the series, (b) increasing the number of authorized shares of the series, (c) authorizing or issuing an additional class or series of capital stock that ranks senior to or pari passu with the existing series with respect to the distribution of assets on liquidation, or (d) entering into any agreement with respect to the foregoing. In addition, no holder of a series of preferred stock shall be entitled to vote on any matter presented to the Company's stockholders relating to approving the conversion of such holder's series of preferred stock into an amount in excess of the primary market limitations.

Dividends. Holders of preferred stock, excluding holders of the Series AAA, AAA-2, AAA-3 and AAA-4 Junior preferred stock (collectively, "Series AAA Junior Preferred Stock"), will be entitled to receive dividends, subject to the beneficial ownership and primary market limitations, payable in the form of that number of shares of common stock equal to 20% of the shares of common stock underlying the preferred stock then held by such holder on the 12 and 24 month anniversaries of the respective filing date. Holders of the Series AAA Junior Preferred Stock will be entitled to receive dividends, subject to the beneficial ownership and primary market limitations, payable in the form of that number of shares of Common Stock equal to 20% of the shares of Common Stock underlying the Series AAA Junior Preferred Stock then held by such holder on the 30-day, 60-day, and 90-day anniversaries of the filing Date.

In addition, subject to the beneficial ownership and primary market limitations, holders of preferred stock will be entitled to receive dividends equal, on an as-if-converted to shares of common stock basis, and in the same form as dividends actually paid on shares of the common stock when, as, and if such dividends are paid on shares of the common stock. Notwithstanding the foregoing, to the extent that a holder's right to participate in any dividend in shares of common stock to which such holder is entitled would result in such holder exceeding the beneficial ownership and primary market limitations, then such holder shall not be entitled to participate in any such dividend to such extent and the portion of such shares that would cause such holder to exceed the beneficial ownership and primary market limitations shall be held in abeyance for the benefit of such holder until such time, if ever, as such holder's beneficial ownership thereof would not result in such holder exceeding the beneficial ownership and primary market limitations.

Liquidation Preferences. Upon any dissolution, liquidation or winding up, whether voluntary or involuntary, holders of preferred stock (together with any Parity Securities (as defined in the respective Certificates of Designations) will be entitled to first receive distributions out of the Company's assets in an amount per share equal to the preferred stock Stated Value plus all accrued and unpaid dividends, whether capital or surplus before any distributions shall be made on any shares of common stock (after the payment to any senior security, if any).

Registration Rights. The Company and the investors in the Preferred Stock Offerings (including the Exchange) also executed separate registration rights agreements, pursuant to which the Company filed registration statements on Form S-3 as follows: 1) File No. 333-281936 with respect to Series AAA Junior Preferred and Series AAA-2 Junior Preferred, effective September 18, 2024;2) File No. 333-277974 with respect to Series AAA Preferred, effective May 8, 2024; 3) File No. 333-273282 with respect to Series AA Preferred, effective August 1, 2023; and 4) File No. 333-271424 with respect to Series A Preferred effective, June 5, 2023.

Placement Agent Fees. The Company sold and/or exchanged the shares of preferred stock pursuant to placement agency agreements (the "Placement Agency Agreements") with Aegis Capital Corporation, a registered broker dealer, which acted as the Company's exclusive placement agent (the "Placement Agent") for each series of the Preferred Stock Offerings and the Exchange (as described below). Pursuant to the terms of the Placement Agency Agreements, in connection with the Preferred Stock Offerings and the Exchange, the Company paid the Placement Agent an aggregate cash fee and non-accountable expense allowance as described in the table above by series, and have or will issue to the Placement Agent or its designees warrants (the "Placement Agent Warrants") to purchase common stock at the amounts and conversion prices disclosed in the table above. With respect to shares of Series AAA Preferred Stock issued in connection with the Exchange, the Placement Agent exchanged previously issued placement agent warrants to purchase 88,403 shares of common stock of the Company that were issued in connection with the Series A and Series AA Preferred Stock offerings, at exercise prices ranging from $7.60 to $13.41 per share, for new placement agent warrants to purchase a total of 347,428 shares of common stock at an exercise price of $1.674 per share and 199,778 shares of common stock at an exercise price of $1.71 per share.

The Company also granted the Placement Agent the right of first refusal, in connection with the Series AA and Series AAA offerings, to serve as the Company's lead or co-placement agent for any private placement of the Company's securities (equity or debt) that is proposed to be consummated with the assistance of a registered broker dealer, which expired in July 2024.

The Placement Agent shall also earn fees and be issued additional Placement Agent Warrants with respect to any securities issued pursuant to the Additional Investment Rights described herein. No further additional investment rights shall be granted to investors that exercise the Additional Investment Rights.

The following additional terms vary across the applicable series of Convertible Preferred Stock as follows:

Term	Series AAA and AAA Junior Preferred	Series AA Preferred	Series A Preferred
Voting Rights – Certain Indebtedness	Holders shall vote as a separate class with respect to authorizing, creating, incurring, assuming, guaranteeing or suffering to exist any indebtedness for borrowed money of any kind outside of certain loans not to exceed $5,000,000 and accounts payable in the ordinary course of business, or entering into any agreement with respect to the foregoing.	Holders shall vote as a separate class with respect to authorizing, creating, incurring, assuming, guaranteeing or suffering to exist any indebtedness for borrowed money of any kind outside of accounts payable in the ordinary course of business, or entering into any agreement with respect to the foregoing.	Holders shall vote as a separate class with respect to authorizing, creating, incurring, assuming, guaranteeing or suffering to exist any indebtedness for borrowed money of any kind in excess of $5 million, or entering into any agreement with respect to the foregoing.
Additional Investment Rights (“AIRs”)	Subject to the approval by a majority of the voting securities of the Company (the “Stockholder Approval”), pursuant to the Subscription Agreements, Series AAA and AAA Junior Preferred Stock holders shall have the right to purchase shares of a newly designated series of preferred stock of the Company containing comparable terms (except for adjustments to the Conversion Price based on future equity issuances) as the applicable series of preferred stock (the “Series AAA Additional Investment Right”) from the date the SEC declares the related registration statement to be filed with the SEC pursuant to the applicable Registration Rights Agreement (as defined below) effective, to the date that is 18 months thereafter, for an additional dollar amount equal to the applicable initial investment amount at $1,000 per share (the “Original Issue Price”), with a conversion price equal to the original conversion price of the applicable series of preferred stock. No further additional investment rights shall be granted to investors that exercise the Series AAA Additional Investment Rights.	Pursuant to the Subscription Agreements, purchasers that (a) previously held shares of the Company’s Series A Preferred Stock, par value $0.001 per share, or (b) purchased at least $3.5 million in shares of Series AA Preferred Stock (subject to the acceptance of such lesser amounts in the Company’s sole discretion), shall have the right to purchase shares of a newly designated series of preferred stock of the Company containing comparable terms as the Series AA Preferred Stock (the “Series AA Additional Investment Right”) from the date of each respective closing through the date that is 18 months thereafter as follows: (i) such investor may purchase an additional dollar amount equal to its initial investment amount at $1,000 per share (the “AA Original Issue Price”), with a conversion price equal to the conversion price in effect on the date of original purchase; and (ii) such investor may purchase an additional dollar amount equal to its initial investment amount at the AA Original Issue Price, with a conversion price equal to 125% of the respective conversion price in effect on the date of original purchase.	**Not applicable**
Down Round Feature	Subject to the effectiveness of the Stockholder Approval, for twenty-four (24) months after the Filing Date, and subject to certain carveouts as described in the Series AAA Certificates of Designation, if the Company conducts an offering at a price per share less than the then effective conversion price (the “Future Offering Price”) consisting of common stock, convertible or derivative instruments, then in such event the conversion price of the Series AAA Preferred Stock shall be adjusted to the Future Offering Price, but not less than the Conversion Price Floor (as defined in the Series AAA Certificate of Designations).	For as long as Series AA Preferred Stock remains outstanding and subject to certain carveouts as described in the Series AA Certificates of Designations, if the Company conducts an offering at a price per share less than the then current conversion price (the “Future Offering Price”) consisting of common stock, convertible or derivative instruments, and undertaken in an arms-length third party transaction, then in such event the conversion price of the Series AA Preferred Stock shall be adjusted to the greater of: (a) the Future Offering Price and (b) the Conversion Price Floor (“ Series AA Down Round Feature”); and (ii) if as of the 24-month anniversary date of April 19, 2023, the VWAP for the five trading days immediately prior to such 24-month anniversary date is below the then current conversion price, the holder will receive a corresponding adjustment to the then conversion price, such adjustment not to exceed the Conversion Price Floor.	**Not applicable**

Exchange Agreements

In connection with the closing of the Series AAA Preferred rounds described above, the Company entered into certain Series A Exchange Agreements (the “Series A Agreements”) and Series AA Exchange Agreements (the “Series AA Agreements”, and collectively with the Series A Agreements, the “Series Exchange Agreements”), with certain holders (the “Holders”) of the Company’s Series A Preferred Stock, and Series AA Preferred Stock, pursuant to which the Holders exchanged an aggregate of 6,367 shares of Series A Preferred and/or Series AA Preferred, for an aggregate of 6,367 shares of Series AAA Preferred (the “Exchange”). The Exchange closed concurrently with the closing of the Series AAA Preferred Stock Offerings.

Common Stock Purchase Warrants

Series AAA Junior-3 and Series AAA Junior-4 Warrants. The Series AAA Junior-3 and Series AAA Junior-4 subscription agreements entered into in September 2024, included the sale of an aggregate of 1,096 units (the “Units”), each Unit consisting of (i) one share of newly designated Series AAA-3 Junior Convertible Preferred Stock or Series AAA-4 Junior Convertible Preferred Stock, as reflected in the table above, and (ii) a warrant to purchase 1,000 shares of the Company’s common stock (the “September 2024 Series AAA Junior Investor Warrants”), at a purchase price of $1,000 per Unit, for aggregate gross proceeds to the Company of approximately $1,096,000.

The Investor Warrants are exercisable at $1.00 per share at the option of the holder, subject to adjustment, are exercisable immediately upon issuance and expire three years from the respective issue dates of the Units, subject to certain beneficial ownership limitations. The Investor Warrants contain customary adjustments in the event of stock splits, stock dividends and other corporate events, and contain price-based anti-dilution protections. Any price-based anti-dilution adjustments are conditioned on, and subject to, stockholder approval.

The September 2024 Series AAA Junior Investor Warrant agreements also contain a provision that states that, upon exercise of the warrant by an investor, if for any reason the company fails to deliver the shares by the settlement date, the investor can require the company to make a cash payment ("Buy-In Provision"). The cash payment would be based on the amount (if any) that the investor lost by having to purchase shares in the open market because of the company's failure to deliver the shares.

As a result of the Buy-In Provision, the ability to deliver shares upon exercise of the Investor Warrants in every circumstance is generally not within the control of the Company as contemplated by the accounting standards, and thus, a partial cash settlement may be required outside of the Company's control. As such, the September 2024 Series AAA Junior Investor Warrants do not meet the requirements for equity classification, and therefore, the fair value of the September 2024 Series AAA Junior Investor Warrants are recorded as a liability on the consolidated balance sheet and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. Refer to the table below.

Placement Agent Warrants. The Placement Agent Warrants issued in connection with the Series A Preferred Stock, Series AA Preferred Stock and Series AAA Preferred Stock (including the Exchange), described above, include provisions that are triggered in the event of the occurrence of a Fundamental Transaction, as defined in the underlying warrant agreement, which contemplates the potential for certain transactions that result in a third-party acquiring more than 50% of the outstanding shares of common stock of the Company for cash or other assets. Given the existence of multiple classes of voting stock for the Company, as described above, the Fundamental Transaction provisions in the warrant agreements could result in a 50% or more change in ownership of outstanding common stock, without a 50% change in voting interests. As such, the Placement Agent Warrants are not eligible for the scope exception under ASC 815, and therefore, the fair value of the Placement Agent Warrants are recorded as a liability on the consolidated balance sheet and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. Refer to the table below.

The fair value and change in the fair value of the warrant liability, measured using Level 3 inputs, and the related income statement impact was comprised of the following for the applicable periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Series AAA Junior-3 and Series AAA Junior-4 Warrants:				
Beginning balance	$ -	$ -	$ -	$ -
Initial fair value of warrant liability – grant date(1)	346,000	-	346,000	-
Change in fair value	14,000	-	14,000	-
Subtotal - Fair value of warrant liability - Series AAA Junior -3 and Series AAA Junior – 4 Warrants	360,000	-	360,000	-
Placement Agent Warrants:				
Beginning balance	$ 665,000	$ 1,764,000	$ 1,571,000	$ -
Initial fair value of warrant liability – grant date(1)	134,000	-	134,000	2,804,000
Change in fair value	(212,000)	(1,512,000)	(1,118,000)	(2,552,000)
Subtotal - Fair value of warrant liability – Placement Agent Warrants	587,000	252,000	587,000	252,000
Total fair value of warrant liability	$ 947,000	$ 252,000	$ 947,000	$ 252,000

(1) Estimated fair value on the date of issuance.

The fair value of the warrants described above was estimated using the Black-Scholes-Merton option pricing model and the following weighted-average assumptions for the applicable dates:

	May 26, 2023	December 22, 2023	December 31, 2023	September 30, 2024
Expected Volatility	95%	98%	98%	98%
Risk–free interest rate	3.88%	3.87%	3.84%	3.58%
Dividend yield	-%	-%	-%	-%
Expected life of options (in years)	5.0-5.19	5.0	4.5-5.0	3.0-5.0

Preferred Stock Dividends

During the three and nine months ended September 30, 2024, the Company paid common stock dividends on outstanding preferred stock, as follows:

Series Designation	Date	Dividend Shares	Fair Value Shares Issued (1)
Series A-5	January 31, 2024	2,166	$ 4,000
Series AA	April 19, 2024	476,271	661,000
	July 23, 2024	158,860	216,000
Series AA-3	April 29, 2024	41,159	60,000
	July 23, 2024	38,527	52,000
Series AA-4	May 6, 2024	55,497	77,000
	July 23, 2024	1,616	2,000
Series AA-5	May 30, 2024	51,887	65,000
	July 23, 2024	47,170	64,000
Series AAA	July 23, 2024	432,025	587,000
Series AAA-2	July 23, 2024	490,295	666,000
Series AAA-Junior	July 26, 2024	193,600	273,000
	August 26, 2024	193,600	240,000
	September 24, 2024	193,600	126,000
Series AAA-Junior - 2	August 9, 2024	88,160	97,000
	September 9, 2024	88,160	100,000
		2,552,593	$ 3,290,000

(1) Fair valued based on the closing price of the Company's common stock on the respective common stock dividend payment date.

Dividend Acceleration. In June and July 2024, certain existing holders of Series A, AA and AAA Preferred Stock executed Series AAA Junior Preferred Stock Offering related dividend acceleration agreements ("2024 Dividend Acceleration Agreements") pursuant to which, in exchange for participation in the Series AAA Junior Preferred Stock Offering at or above a predefined threshold, all applicable remaining common stock dividends related to their existing Series A, AA and / or AAA Preferred Stock holdings were accelerated. A total of 1,168,493 shares of common stock dividends (included in the table above) were paid in July 2024 pursuant to the 2024 Dividend Acceleration Agreements, with a fair value of $1,589,000, based on the closing price of the Company's common stock on the date of issuance, which is reflected as a charge to accumulated deficit for the nine months ended September 30, 2024.

Modifications to Series AA Additional Investment Rights

In June 2024, certain holders of Series AA Preferred Stock with outstanding Additional Investment Rights arising from the Series AA Preferred Stock Offering ("Series AA AIRs"), in exchange for certain Series AAA Junior Preferred Stock Offering related approvals, received (i) a six (6) month extension of the exercise period of such Series AA AIRs; and (ii) an adjustment to the conversion prices for such Series AA AIRs, to the existing conversion price floors for each respective subseries of Series AA Preferred Stock, as described in the table above. In addition, a three-month extension to the term of the Additional Investment Rights issued to holders of Series AAA Preferred Stock ("Series AAA AIRs")(the issuance of such Series AAA AIRs being subject to approval of stockholders), such that the Series AAA AIRs shall expire 21-months from the final closing of Series AAA Preferred Stock Offering.

In connection with the modifications to the Series AA AIRs described above, Series AA AIRs with initial underlying common shares totaling 642,962, were modified as described above, resulting in an incremental increase in fair value totaling $294,000 which was charged to additional paid in capital as a Series AAA Junior Preferred Stock Offering financing costs in June 2024. As a result of the reduction of the Series AA AIRs conversion price, total common shares underlying the modified Series AA AIRs increased to 3,215,232 shares.

In September 2024, remaining holders of Series AA Preferred Stock with outstanding Additional Investment Rights arising from the Series AA Preferred Stock Offering ("Remaining Series AA AIRs"), received (i) a six (6) month extension of the exercise period of such Remaining Series AA AIRs; and (ii) an adjustment to the conversion prices for such Series AA AIRs, to the existing conversion price floors for each respective subseries of Series AA Preferred Stock, as described in the table above. In addition, a three-month extension to the term of the Additional Investment Rights issued to holders of Series AAA Preferred Stock ("Remaining Series AAA AIRs")(the issuance of such Series AAA AIRs being subject to approval of stockholders), such that the Remaining Series AAA AIRs shall expire 21-months from the final closing of Series AAA Preferred Stock Offering.

In connection with the modifications to the Remaining Series AA AIRs described above, Remaining Series AA AIRs with initial underlying common shares totaling 667,289, were modified as described above, resulting in an incremental increase in fair value totaling $70,000 which was charged to other expense in the statement of operations for the three and nine months ended September 30, 2024. As a result of the reduction of the Remaining Series AA AIRs conversion price, total common shares underlying the modified Remaining Series AA AIRs increased to 3,336,293 shares.

As of each of the applicable AIR modification dates the Company utilized an option pricing model, employing the back solve method for purposes of determining the implied common stock value of the Company for input into a Black Scholes option pricing model to determine the fair value of the AIRs immediately before and after the modifications described above, using Level 3 inputs. Weighted average assumptions utilized in the Black Scholes option pricing model included implied (derived) common stock prices from $0.72 to $0.86, conversion prices ranging from $1.856 to $13.25 (based on the applicable original and modified preferred stock conversion prices), risk free interest rates ranging from 4.64% to 5.36%, terms ranging from .24 years to .92 years and volatility assumptions ranging from 68% to 91%.

7. COMMITMENTS AND CONTINGENCIES

Settlement of Pending or Threatened Claims

Pioneer Capital Anstalt

In May 2024, the Company settled a dispute concerning the interpretation of certain financial terms contained within the Series AA and Series AA-2 Preferred Stock certificates of designation filed in connection with the Series AA and Series AA-2 Preferred Stock Offerings (“Pioneer Settlement”). Pioneer Capital Anstalt (“Pioneer”) filed a complaint in the United States District Court for the Southern District of New York seeking monetary damages and specific performance concerning the interpretation and calculation of certain financial terms applicable to Pioneer’s additional investment rights agreements acquired in connection with Pioneer’s participation in the Series AA and Series AA-2 Preferred Stock Offerings (“Pioneer AA AIRs”)(“Pioneer Action”). In order to avoid further expense, costs, and time to litigate the action, the Parties resolved the dispute, resulting in the modification of the conversion price and conversion floor price applicable to the Pioneer AA AIRs from prices ranging from $9.43 to $13.04, down to prices ranging from $1.886 to $2.608, and the extension of the exercise term for the Pioneer AA AIRs for a period of six (6) months. The modifications to the Pioneer AIRs resulted in an incremental increase in fair value totaling $213,000 which was included as a noncash legal settlement charge in general and administrative expense in the statement of operations for the nine months ended September 30, 2024. As a result of the reduction of the Pioneer AA AIRs conversion price, total common shares underlying the modified Pioneer AA AIRs increased from 372,610 to 1,863,049 shares.

In addition, the Company issued to Pioneer 275,000 shares of restricted common stock valued at $346,000 on the date of issuance, which was included as a noncash legal settlement charge in general and administrative expense in the statement of operations for the nine months ended September 30, 2024. In connection with the Pioneer Settlement, Pioneer filed a notice of dismissal regarding the Action.

The Company utilized an option pricing model, employing the back solve method for purposes of determining the implied common stock value of the Company for input into a Black Scholes option pricing model to determine the fair value of the Pioneer AA AIRs immediately before and after the modifications described above, using Level 3 inputs. Weighted average assumptions utilized in the Black Scholes option pricing model included a $0.86 implied common stock price, conversion prices ranging from $1.886 to $13.04 (based on the applicable original and modified preferred stock conversion prices), risk free interest rates ranging from 5.13% to 5.36%, terms ranging from .52 years to 1.02 years and volatility assumptions ranging from 80% to 93%.

Other

As described above, the Note Holders made a series of investments in the Company during the period commencing January 2021 and culminating in the issuance of the Notes, which were paid in full in the first quarter of 2023. During the fourth quarter of 2023, the Note Holders made certain claims arising from an interpretation of certain rights that the Note Holders had pursuant to the terms of SPA. On March 12, 2024, the Company and the Note Holders (the “Parties”) executed a Mutual General Release and Settlement Agreement (the “Note Holder Settlement Agreement”) settling all claims between the Parties with respect to the SPA. In consideration for the Note Holder Settlement Agreement, the Company agreed to issue the Parties an aggregate amount of 500,000 shares of common stock (the “Settlement Payment”). The Company accrued the fair value of the Settlement Payment as of December 31, 2023 (based on the closing price of the Company’s common stock on December 31, 2023) resulting in a settlement expense of $760,000 which was included in general and administrative expense in the consolidated statement of operations for the year ended December 31, 2023. The Company issued the 500,000 shares of common stock on March 19, 2024, which were valued at $1.85 per share (the closing price of the Company’s common stock on March 19, 2024), or $924,000, resulting in additional noncash settlement expense of $164,000, which was included in general and administrative expense in the condensed consolidated statement of operations for the nine months ended September 30, 2024.

8. SUBSEQUENT EVENTS

The Company evaluated subsequent events for their potential impact on the condensed consolidated financial statements and disclosures through the date the condensed consolidated financial statements were issued and determined that, except as set forth below, no subsequent events occurred that were reasonably expected to impact the condensed consolidated financial statements presented herein.

Equity Financing

On October 24, 2024, the Company entered into a Securities Purchase Agreement with an accredited investor for the registered direct offering of an aggregate of 1,136,364 shares of the Company's common stock, par value $0.001 per share (the "Shares"), at a purchase price of $0.88 per Share. The Registered Direct Offering closed on October 25, 2024 and resulted in gross proceeds to the Company of approximately $1.0 million.

Entry into Amended and Restated Equity Exchange Agreement

On October 29, 2024, the Company entered into an Amended and Restated Equity Exchange Agreement (the "Amended Exchange Agreement") with Infinite Reality, which amended and restated that certain Equity Exchange Agreement, dated September 30, 2024 (the "Exchange Agreement"). Pursuant to the Amended Exchange Agreement, the Company will be issuing an aggregate total of 2,499,090 shares of common stock, par value $0.001 per share ("*Common Stock*"), in exchange for 216,831 shares of Infinite Reality common stock ("*Infinite Reality Common Stock*" and collectively, the "*Exchange*"). The Exchange will be consummated across two closings: (i) an initial closing of 1,215,279 shares of Common Stock in exchange for 105,445 shares of Infinite Reality Common Stock (the "*Initial Closing*"); and (ii) a second closing, subject to the approval of the Company's stockholders, of 1,283,811 shares of Common Stock for 111,386 shares of Infinite Reality Common Stock. All other terms of the Exchange Agreement were not modified.

The Exchange Shares, once exchanged pursuant to the Amended Exchange Agreement, will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "*Securities Act*"), pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) of Regulation D promulgated thereunder.

Debt Financing

On November 8, 2024 (the "Effective Date"), the Company and its subsidiary, InPVP, LLC ("Subsidiary"), entered into the Agile Loan Agreement, with Agile Capital Funding, LLC as collateral agent, and Agile, pursuant to which the Company issued to Agile a Confessed Judgment Secured Promissory Note for an aggregate value of $1.85 million (the "Agile Note"). Pursuant to the Agile Loan Agreement: (i) the Agile Note matures 28 weeks from the Effective Date; (ii) carries an aggregate total interest payment of approximately $0.78 million (the "Applicable Rate"), and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent. The Company is required to repay all the obligations due under the Agile Loan Agreement and the Agile Note in 28 equal payments of $93,821.43, with the first payment being made to Agile on November 14, 2024, and every seven days thereafter until the Maturity Date. The proceeds received from the Agile Note will be used to fund general working capital needs.

Pursuant to the Agile Loan Agreement, upon the occurrence of certain events, including (a) a change in the Company's business other than the business engaged in by the Company on the Effective Date, (b) cause or permit, voluntarily or involuntarily, any Key Person to cease being actively engagement in the management of the Company without prior notice to Agile, (c) a change in control of the Company (expressly excluding the pending transactions with Infinite Reality, Inc.) or otherwise approve the liquidation or dissolution of the Company or its Subsidiary (collectively, a "Change in Business, Management, or Ownership"), or (d) the Term Loan is accelerated upon the occurrence of an Event of Default, the Company shall be required to immediately pay to Agile an amount equal to the sum of: (i) all outstanding principal of the Agile Note plus accrued and unpaid interest thereon through the prepayment date, (ii) a fee equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date (the "Prepayment Fee"), plus (iii) all other obligations that are due and payable, including, without limitation, interest at the Default Rate with respect to any past due amounts. The Company is allowed to make a full prepayment or partial prepayment of any or all of the Obligations arising under the Agile Loan Agreement and the Agile Note, provided, the Company shall be obligated to pay the Prepayment Fee.

The Agile Loan Agreement imposes various restrictions on the activities of the Company, including, subject to certain exceptions set forth in the Agile Loan Agreement (including, without limitation, the pending transactions with Infinite Reality, Inc.), a prohibition on: (i) creating, incurring, assuming, or being liable for any indebtedness, or allow the Subsidiary to do so (expressly excluding up to $3,000,000 of unsecured loans through one or more third parties); (ii) any Change in Business, Management, or Ownership; (iii) fundamental changes to the Company or its subsidiaries (including certain consolidations, mergers and sales/transfers of assets outside the ordinary course of business, and limitations on the ability of the Company and its Subsidiary to grant liens upon their property or assets); (iv) pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock; (v) enter into certain transactions with the Company's affiliates; (vi) make or permit any payment on any debt that is subordinate to the obligations under the Agile Loan Agreement and the Agile Note (expressly excluding up to $3,000,000 of unsecured loans through one or more third parties); and (vi) other than in the ordinary course of business, entering into any material agreement, or terminating or materially amending a material agreement.

As security for the full and prompt payment and performance of any obligations arising under the Agile Loan Agreement and the Agile Note, the Company and its Subsidiary granted to Agile a continuing first priority security interest in all the assets of the Company and its Subsidiary; provided, however, the filing of a financing statement and/or the taking of any action required to perfect Agile's security interest in the collateral may only occur upon an event of default. The Agile Loan Agreement also provides for standard Events of Default, customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default.

In connection with entering into the Agile Loan Agreement, the Company was required to pay an administrative fee of $92,500 to the Collateral Agent, which was paid at the closing out of proceeds of the issuance of the Agile Note.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References in this Quarterly Report on Form 10-Q to "Super League Enterprise, Inc." "Company," "we," "us," "our," or similar references mean Super League Enterprise, Inc. References to the "SEC" refer to the U.S. Securities and Exchange Commission. All references to "Note," followed by a number reference herein, refer to the applicable corresponding numbered footnotes to the condensed consolidated financial statements contained elsewhere herein.

Forward-Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our condensed consolidated financial statements and the related notes included elsewhere in this interim report. Our condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information set forth under the heading "Risk Factors" included Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, as amended, as well as in Item II, Part 1A of this Quarterly Report on Form 10-Q (this "Report"). Readers are cautioned not to place undue reliance on these forward-looking statements.

Overview

Super League Enterprise, Inc. is redefining the gaming industry as a media channel for global brands. As a leading end-to-end immersive content partner, Super League enables marketers, advertisers, and IP owners to reach massive audiences through creativity, innovation, and gameplay within the world's largest immersive platforms. Boasting an award-winning development studio, a vast community of native creators, and a proprietary suite of tools that maximize user engagement, Super League is a one-of-a-kind holistic solutions provider. Whether a partner is focused on building a world-class creative experience, achieving lift in brand awareness, inspiring deeper customer loyalty, or finding new sources of revenue, Super League is at the forefront – always pioneering within immersive worlds.

We generate revenue from (i) innovative advertising including immersive game world and experience publishing and in-game media products, (ii) direct to consumer offers, including in-game items, e-commerce, and digital collectibles, and (iii) content and technology through the production and distribution of our own, advertiser and third-party content. We operate in one reportable segment to reflect the way management and our chief operating decision maker review and assess the performance of the business.

Infinite Reality Transaction

On September 30, 2024, the Company entered into a binding term sheet (the "iR Term Sheet") with Infinite Reality, Inc. ("Infinite Reality"), whereby, subject to the satisfaction of certain conditions as more specifically set forth in the iR Term Sheet (including receipt of the approval of the Company's stockholders), and the entry into definitive documentation, the Company will:

(iv) acquire from Infinite Reality, (a) a perpetual, royalty free license to name and to create and host events for Drone Racing League, Inc., (b) to be determined esports assets and all related intellectual property, (c) cash in the amount of up to $20 million to come from divestiture of certain assets to be determined and/or other sources of capital, (d) TalentX and all related intellectual property, (e) Fearless Media and all related intellectual property, and (f) Thunder Studios and all related intellectual property (each an "Asset" and, collectively, the "Purchased Assets")(the "Asset Acquisition"), in exchange for the Company issuing that number of shares of a to-be designated class of its preferred stock equal in priority to existing Series A, AA and AAA preferred shares (the "Consideration Shares"), which Consideration Shares will be convertible into 75% of the then issued and outstanding shares of Super League's common stock, par value $0.001 per share ("Common Stock"), calculated at the time of the consummation of the Asset Acquisition;

(v) issue to Infinite Reality 2,499,090 shares of the Company's Common Stock, in exchange for 139,592 shares of Infinite Reality's common stock (the "Share Exchange"), pursuant to an Equity Exchange Agreement, and to appoint a designee of Infinite Reality to the Company's Board of Directors (the "Board") upon the consummation of the Share Exchange (the "Closing"); and

(vi) receive a credit facility in the amount of $30,000,000 from Infinite Reality, to be established in January 2025 (the "Credit Facility", and the Asset Acquisition, Share Exchange, and Credit Facility are collectively, the "iR Transaction").

The Term Sheet contemplates that, subject to the satisfaction of the conditions contained therein (including approval of the iR Transaction by the Company's stockholders), upon the consummation of the iR Transaction, Infinite Reality will beneficially own 84.9% of the issued and outstanding shares of the Company as of the Closing.

Equity Exchange Agreement. On September 30, 2024, in connection with the Term Sheet and the Share Exchange, the Company entered into an Equity Exchange Agreement with Infinite Reality (the "*Exchange Agreement*"), pursuant to which the Company agreed, subject to the receipt of the approval of the Company's stockholders and other customary closing conditions, to issue 2,499,090 shares of Common Stock (the "Exchange Shares") in exchange for 139,592 shares of Infinite Reality common stock of equal value, based on the Company's Common Stock being valued at $1.30 per share. The Exchange Agreement contains representations, warranties, and covenants of the Company and Infinite Reality that are customary for a transaction of this nature.

The Exchange Shares, once exchanged pursuant to the Exchange Agreement, will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) of Regulation D promulgated.

On October 29, 2024, the Company entered into an Amended and Restated Equity Exchange Agreement (the "Amended Exchange Agreement") with Infinite Reality, which amended and restated the Exchange Agreement. Pursuant to the Amended Exchange Agreement, the Company will issue an aggregate total of 2,499,090 shares of common stock, par value $0.001 per share, in exchange for 216,831 shares of Infinite Reality common stock ("Infinite Reality Common Stock" and collectively, the "Exchange"). The Exchange will be consummated across two closings: (i) an initial closing of 1,215,279 shares of Common Stock in exchange for 105,445 shares of Infinite Reality Common Stock (the "Initial Closing"); and (ii) a second closing, subject to the approval of the Company's stockholders, of 1,283,811 shares of Common Stock for 111,386 shares of Infinite Reality Common Stock. All other terms of the Exchange Agreement were not modified.

Bylaw Amendment

On June 4, 2024, the Board of Directors (the "*Board*") of the Company approved an amendment (the "*Amendment*") to the Company's Second Amended and Restated Bylaws, effective June 4, 2024, to reduce the number of shares that are required to be present at a meeting of the Company's stockholders (a "*Meeting*") for purposes of establishing a quorum. Prior to the Amendment, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock was required to establish a quorum for the transaction of business at a Meeting. As approved in the Amendment, the presence, in person or by proxy duly authorized, of the holders of not less than one-third (1/3) of the outstanding shares of stock entitled to vote will constitute a quorum for the transaction of business at a Meeting.

The Board adopted the Amendment to more practically obtain a quorum and conduct business at a Meeting. The Board based its decision on the increasing prevalence of brokerage firms opting to forgo discretionary or proportionate voting of the shares held by them in street name, which is making it increasingly difficult for companies with a large retail stockholder base to obtain a quorum of the majority. The change to the quorum requirement was made to improve the Company's ability to hold Meetings when called.

Reverse Stock Split

On September 7, 2023, the Company filed a Certificate of Amendment (the "Amendment") to the Company's Second Amended and Restated Certificate of Incorporation, as Amended (the "Charter"), which became effective September 11, 2023, to effect a reverse stock split of the Company's issued and outstanding shares of common stock, par value $0.001 per share, at a ratio of 1-for-20 (the "Reverse Split"). All references to common stock, warrants to purchase common stock and other rights, options to purchase common stock, restricted stock, share data, per share data and related information contained in the financial statements have been retroactively adjusted to reflect the effect of the Reverse Split for all periods presented.

Acquisition of Melon, Inc.

On May 4, 2023, we entered into an Asset Purchase Agreement (the "Purchase Agreement") with Melon, Inc., a Delaware corporation ("Melon"), pursuant to which the Company acquired substantially all of the assets of Melon (the "Melon Assets") (the "Acquisition"). The consummation of the Acquisition (the "Closing") occurred simultaneously with the execution of the Purchase Agreement. Melon is a development studio building innovative virtual worlds in partnership with powerful consumer brands across music, film, TV, sports, fashion and youth culture. With this acquisition, Super League further strengthens its position as a one-stop solutions provider and strategic operating partner for marquee brands and businesses seeking to expand and activate communities throughout the gaming metaverse.

At the Closing, the Company paid an aggregate total of $900,000 to Melon (the "Closing Consideration"), of which $150,000 was paid in the form of the forgiveness of certain working capital advances paid to Melon in the equivalent amount, and the remaining $750,000 was paid in the form of shares of the Company's common stock, valued at $0.4818 (the "Closing Share Price"), the VWAP, as quoted on the Nasdaq Capital Market, for the five (5) trading days immediately preceding May 4, 2023.

Pursuant to the terms and subject to the conditions of the Purchase Agreement, up to an aggregate of $2,350,000 (the "Contingent Consideration") will be payable to Melon in connection with the achievement of certain revenue milestones for the period from the Closing until December 31, 2023 (the "First Earnout Period") in the amount of $1,000,000, and for the year ending December 31, 2024 (the "Second Earnout Period") in the amount of $1,350,000 (the "Second Earnout Period" and the "First Earnout Period" are collectively referred to as the "Earnout Periods"). The Contingent Consideration is payable in the form of cash and common stock, with $600,000 of the aggregate Contingent Consideration being payable in the form of cash, and $1,750,000 payable in the form of common stock, valued at the greater of (a) the Closing Share Price, and (b) the volume weighted average price ("VWAP") for the five trading days immediately preceding the end of each respective Earnout Period.

Executive Summary

During the three and nine months ended September 30, 2024 we continued to demonstrate the effectiveness of our overall strategy, providing us with increasing opportunities to earn a greater share of advertisers' wallet, as demonstrated by larger average deal sizes and continued high repeat customer percentages, and our focus on cost reductions and optimization has positively impacted operating leverage.

Three Months Ended September 30, 2024

Revenue for the three months ended September 30, 2024 totaled $4.4 million, a decrease of $2.8 million or 38%, compared to $7.2 million for the comparable prior year quarter. The decrease in revenue for the three months ended September 30, 2024 reflected a mix of industry softness in ad sales, stemming from macro environmental factors including consumer spending softness, continued market education and adoption of immersive platforms as a marketing channel, the shift of certain revenues and program start delays to future periods by advertisers, and a reduction in Minehut related media sales revenues in connection with the sale of our Minehut digital property in the first quarter of 2024.

Cost of revenue for the three months ended September 30, 2024 decreased $1.9 million, or 42% to $2.7 million, compared to $4.7 million in the comparable prior year quarter, driven primarily by the 38% decrease in quarterly revenues for the same periods.

As a percentage of revenue, gross profit for the three months ended September 30, 2024 was 39%, compared to 35% for the prior year comparable quarter. Results for the three months ended September 30, 2023 included the impact of partial delivery under a significant custom integration and platform media revenue contract with a customer that had a higher average direct cost profile, compared to the other programs that generated revenues during the prior year comparable quarter.

Total operating expense for the three months ended September 30, 2024 decreased $1.9 million, or 26% to $5.2 million, compared to $7.0 million in the comparable prior year quarter. Excluding noncash stock compensation expense, intangible asset amortization expense, mark to market related fair value adjustments, and other noncash charges (collectively, "noncash charges and credits"), totaling $968,000, operating expense for the three months ended September 30, 2024 and 2023 was $4.2 million and $6.0 million, respectively, reflecting a $1.8 million, or 30% decrease compared to the prior year quarter, reflecting the impact of our ongoing focus on cost reductions and operating efficiencies. Net loss for the three months ended September 30, 2024, which includes the impact of noncash charges and credits totaling $968,000, was $3.6 million or $(0.54) per share, compared to a net loss of $3.0 million, or $(3.19) per share, in the comparable prior year quarter. The numerator utilized in the calculation of net loss per share for the three months ended September 30, 2024 included noncash common stock dividends paid in connection with outstanding preferred stock, with a total fair value of $1.7 million, which is also included as a charge to accumulated deficit for the three months ended September 30, 2024. The numerator utilized in the calculation of net loss per share for the three months ended September 30, 2023 included a noncash deemed dividend in connection with outstanding preferred stock, with a total fair value of $6.4 million, which is also included as a charge to accumulated deficit for the three months ended September 30, 2023.

Nine Months Ended September 30, 2024

Revenue for the nine months ended September 30, 2024 totaled $12.8 million compared to $15.6 million for the comparable prior year period. The decrease in revenue for the nine months ended September 30, 2024 reflected a mix of industry softness in ad sales, stemming from macro environmental factors including consumer spending softness, continued market education and adoption of immersive platforms as a marketing channel, the shift of certain revenues and program start delays to future periods by advertisers, and a reduction in Minehut related media sales revenues in connection with the sale of our Minehut digital property in the first quarter of 2024.

Cost of revenue for the nine months ended September 30, 2024 decreased $1.9 million, or 20% to $7.7 million, compared to $9.5 million in the comparable prior year period, driven primarily by the 18% decrease in revenues for the same year to date periods. As a percentage of revenue, gross profit for the nine months ended September 30, 2024 was 40%, compared to 39% for the prior year comparable period.

Total operating expense for the nine months ended September 30, 2024 decreased $8.7 million, or 34% to $17.3 million, compared to $26.0 million in the comparable prior year period. Excluding noncash charges and credits totaling $3.6 million and $7.8 million, respectively, operating expense for the nine months ended September 30, 2024 and 2023 was $13.7 million and $18.2 million, respectively, reflecting a $4.5 million, or 25% decrease compared to the prior year period, reflecting the impact of our ongoing focus on cost reductions and operating efficiencies. Net loss for the nine months ended September 30, 2024, which includes the impact of noncash charges and credits totaling $3.6 million, was $11.3 million or $(2.00) per share, compared to a net loss of $17.1 million, or $(10.25) per share, in the comparable prior year period. The numerator utilized in the calculation of net loss per share included common stock dividends paid in connection with outstanding preferred stock, with a total fair value of $3.3 million, which is also included as a charge to accumulated deficit for the nine months ended September 30, 2024. The numerator utilized in the calculation of net loss per share for the nine months ended September 30, 2023 included a noncash deemed dividend in connection with outstanding preferred stock, with a total fair value of $6.4 million, which is also included as a charge to accumulated deficit for the nine months ended September 30, 2023.

Seasonality

Our revenue fluctuates quarterly and is generally higher in the second half of our fiscal year, with the fourth quarter typically representing our highest revenue quarter each year. Advertising spending is traditionally seasonally strong in the second half of each year, reflecting the impact of seasonal back to school, game release and holiday season advertising spending by brands and advertisers. We believe that this seasonality in advertising spending affects our quarterly results, which generally reflect relatively higher advertising revenue in the second half of each year, compared to the first half of the year.

Meta Stadiums Collaboration

In August 2024 , we announced a strategic partnership with Meta-Stadiums, a cutting-edge platform to build, customize, and manage virtual stadiums in the metaverse, to combine capabilities and offer cross-platform immersive experiences and events to music artists, sports teams, entertainment companies, and consumer brands. The alliance creates a world-class end-to-end provider of metaverse programs and strategies that reaches all corners of the virtual universe, from bespoke 3D spaces to the most popular immersive platforms such as Roblox, Fortnite Creative, The Sandbox, Decentraland, and Minecraft.

Common Sense Networks Initiative

In March 2024, we announced an initiative with Common Sense Networks, the award winning, singular leader in age appropriate content moderation standards and owner of Sensical, the groundbreaking streaming and FAST channel service for kids 2-12, that enables brands to connect with young audiences on a global scale in safe and suitable ways across major gaming and video platforms, including Roblox, Fortnite Creative, Minecraft, YouTube, TikTok, and beyond.

GSTV Partnership

In March 2024, we announced a partnership with GSTV, the national on-the-go video network engaging and entertaining targeted audiences at scale across tens of thousands of fuel retailers. The partnership will unite the physical journey of consumers with the expansive digital world of gaming. Initially, the partnership brings Super League's popular Metaburst gaming news segment to GSTV, keeping millions of viewers at fuel and convenience retailers across the country updated on the latest trends and advancements in the 3D web, virtual worlds and platforms like Roblox and Fortnite. GSTV and Super League are also collaborating on other integration opportunities that unite physical and digital retail engagement to provide brands with innovative and exciting ways to reach a broad base of consumers. In addition to extending in-game content to GSTV screens, the Super League Loyalty & Reward platform will power custom omnichannel programs that reward Roblox users with seamless real world benefits from GTSV partners, and create opportunities for GSTV audience family members to enjoy special rewards within Roblox.

Chartis Partnership

In March 2024, we announced new capabilities for our entertainment and consumer brand clients in Fortnite Creative via a partnership with Chartis. Chartis is a platform focused on Unreal Editor for Fortnite (UEFN), offering a rapidly-growing suite of tools to make it easier and more intuitive for creators to build original games and experiences within Fortnite Creative, where an increasing segment of the blockbuster game's 70 million monthly players spend their time. The partnership with Chartis enables Super League and its prominent global brand partners to tap into the Chartis Network, a coalition of independent Fortnite Creative developers with more than 157 million monthly plays and nearly one billion monthly impressions. Together, the companies will provide unparalleled opportunities for brands to launch new Fortnite Creative Islands and custom integrations.

Condensed Consolidated Results of Operations

The following table sets forth a summary of our results of operations for the three and nine months ended September 30, 2024 and 2023 (dollars in thousands) (Unaudited):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
REVENUE	$ 4,431	$ 7,195	$ (2,764)	(38)%	$ 12,756	$ 15,569	$ (2,813)	(18)%
COST OF REVENUE	2,706	4,655	(1,949)	(42)%	7,653	9,512	(1,859)	(20)%
GROSS PROFIT	1,725	2,540	(815)	(32)%	5,103	6,057	(954)	(16)%
OPERATING EXPENSE								
Selling, marketing and advertising	2,397	3,161	(764)	(24)%	7,306	8,767	(1,461)	(17)%
Engineering, technology and development	914	2,066	(1,152)	(56)%	3,405	7,268	(3,863)	(53)%
General and administrative	1,935	2,271	(336)	(15)%	6,558	7,094	(536)	(8)%
Contingent consideration	(68)	(462)	394	85%	(15)	546	(561)	(103)%
Loss on intangible asset disposal	-	-	-	-%	-	2,284	(2,284)	(100)%
Total operating expense	5,178	7,036	(1,858)	(26)%	17,254	25,959	(8,705)	(34)%
NET LOSS FROM OPERATIONS	(3,453)	(4,496)	(1,043)	(23)%	(12,151)	(19,902)	(7,751)	(39)%
OTHER INCOME (EXPENSE), NET	(179)	1,512	(1,691)	(112)%	804	2,533	(1,729)	(68)%
Loss before benefit from income taxes	(3,632)	(2,984)	648	22%	(11,347)	(17,369)	(6,022)	(35)%
Benefit from income taxes	-	-	-	-%	-	313	(313)	(100)%
NET LOSS	$ (3,632)	$ (2,984)	$ 648	22%	$ (11,347)	$ (17,056)	$ (5,709)	(33)%

Comparison of the Results of Operations for the Three and Nine Months Ended September 30, 2024 and 2023

Revenue (dollars in thousands) (Unaudited)

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Media and advertising	$ 1,538	$ 2,886	$ (1,348)	(47)%	$ 4,637	$ 6,904	$ (2,267)	(33)%
Publishing and content studio	2,646	3,960	(1,314)	(33)%	7,388	7,547	(159)	(2)%
Direct to consumer	247	349	(102)	(29)%	731	1,118	(387)	(35)%
	$ 4,431	$ 7,195	$ (2,764)	(38)%	$ 12,756	$ 15,569	$ (2,813)	(18)%

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Number of customers > 10% of revenue / percent of revenue	Two / 25%	Two / 36%	Two / 23%	- / -%
By revenue category:				
Media and advertising	- / -%	One / 17%	One / 11%	- / -%
Publishing and content studio	Two / 25%	One / 19%	One / 12%	- / -%

Three Months Ended September 30, 2024, Compared to the Three Months Ended September 30, 2023:

- Total revenue decreased $2.8 million, or 38% to $4.4 million, compared to $7.2 million in the comparable prior year quarter.

- Media and advertising revenue decreased $1.3 million, or 47%, to $1.5 million, compared to $2.9 million in the comparable prior year quarter. The change reflected a $1.0 million decrease in influencer marketing revenue and a $522,000 decrease in on-platform related media sales revenue, partially offset by a $174,000 increase in off-platform related media sales revenue. The decrease in on-platform related media revenue reflects the impact of the sale of our Minehut Assets discussed above, and the treatment of 60% of Minehut related media direct net sales for the period as a reduction of the receivable established in connection with the GS Agreement, as described elsewhere herein. Gross Minehut related direct sales for the three months ended September 30, 2024 totaled $67,000, of which $40,000 was accounted for as a reduction of the initial receivable from GamerSafer established upon sale of the Minehut Assets. Minehut related media sales for the third quarter of 2023 totaled $269,000.

- Publishing and content studio revenue decreased $1.3 million, or 33%, to $2.6 million, compared to $4.0 million in the comparable prior year quarter, driven primarily by a net $0.9 million decrease in custom game development and immersive experience related revenues. Revenues for the three months ended September 30, 2023 included $1.3 million of revenues for the Kraft Lunchables custom game development experience. Revenues for the three months ended September 30, 2024 included revenues from immersive experiences for the International Olympic Committee (“IOC”), Google, Inc., DreamWorks: The Wild Robot, Hi-Chew, American Egg Board, Bandi Namco, Maybelline and Old Navy, among others.

- Direct to consumer revenue decreased $102,000, or 29%, to $247,000, compared to $349,000 in the comparable prior year quarter. The decrease primarily reflects the impact of the sale of our Minehut Assets in the first quarter of 2024, which prior to the sale, also generated direct to consumer Minecraft server related subscription revenues for the Company. Minehut direct to consumer related revenues for the three months ended September 30, 2023 totaled $127,000.

Nine Months Ended September 30, 2024, Compared to the Nine Months Ended September 30, 2023:

- Total revenue decreased $2.8 million, or 18% to $12.8 million, compared to $15.6 million in the comparable prior year period.

- Media and advertising revenue decreased $2.3 million, or 33%, to $4.6 million, compared to $6.9 million in the comparable prior year period. The change reflected a $2.4 million decrease in on-platform related media sales revenue and a $730,000 decrease in influencer marketing revenue, partially offset by a $541,000 increase in off-platform related media sales revenue. The decrease in off-platform related media revenue reflects the impact of the sale of our Minehut Assets discussed above. Minehut related media sales for the nine months ended September 30, 2023 totaled $716,000.

- Publishing and content studio revenue was relatively flat, totaling $7.4 million for the nine months ended September 30, 2024, compared to $7.5 million in the comparable prior year period. Publishing and content studio revenue for the nine months ended September 30, 2024 included custom game development and immersive experience related revenues for the International Olympic Committee ("IOC"), Google, Inc., Visa, Inc., Maybelline, Claire's, Kraft Lunchables, Skechers, Lego, DreamWorks: The Wild Robot, Avid Technology, Universal Pictures, American Heart Association and Westpac, among others.

- Direct to consumer revenue decreased $387,000, or 35%, to $731,000, compared to $1.1 million in the comparable prior year period. The decrease primarily reflects the impact of the sale of our Minehut Assets in the first quarter of 2024, which prior to the sale, also generated direct to consumer Minecraft server related subscription revenues for the Company. Minehut direct to consumer related revenues for the nine months ended September 30, 2023 totaled $401,000.

Cost of Revenue

Cost of revenue includes direct costs incurred in connection with the satisfaction of performance obligations under our revenue arrangements including internal and third-party engineering, creative, content, broadcast and other personnel, talent and influencers, internal and third-party game developers, content capture and production services, direct marketing, cloud services, software, prizing, and revenue sharing fees. Cost of revenue fluctuates period to period based on the specific programs and revenue streams contributing to revenue each period and the related cost profile of our physical and digital experiences, media and advertising campaigns and publishing and content studio sales activities occurring each period.

Three Months Ended September 30, 2024, Compared to the Three Months Ended September 30, 2023:

- Cost of revenue decreased $1.9 million, or 42%, relatively consistent with the 38% decrease in related revenues for the quarterly periods presented. The greater than proportional change in cost of revenue was due to the impact of partial delivery under a significant custom integration and platform media revenue contract with a customer that had a higher average direct cost profile, compared to the other programs that generated revenues during the prior year comparable quarter.

Nine Months Ended September 30, 2024, Compared to the Nine Months Ended September 30, 2023:

- Cost of revenue decreased $1.9 million, or 20%, relatively consistent with the 18% decrease in related revenues for the year to date periods presented. The greater than proportional change in cost of revenue was due to the impact of partial delivery under a significant custom integration and platform media revenue contract with a customer that had a higher average direct cost profile, compared to the other programs that generated revenues during the prior year comparable period.

Operating Expense

Refer to the table summarizing our results of operations for the three and nine months ended September 30, 2024 and 2023 above.

Noncash stock-based compensation. Noncash stock-based compensation expense for the periods presented was included in the following operating expense line items (dollars in thousands) (Unaudited):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Sales, marketing and advertising	$ 124	$ 231	$ (107)	(46)%	$ 378	$ 631	$ (253)	(40)%
Engineering, technology and development	6	14	(8)	(57)%	23	205	(182)	(89)%
General and administrative	226	398	(172)	(43)%	585	1,339	(754)	(56)%
Total noncash stock compensation expense	$ 356	$ 643	$ (287)	(44)%	$ 986	$ 2,175	$ (1,189)	(55)%

Three and Nine Months Ended September 30, 2024 Compared to the Three and Nine Months Ended September 30, 2023

- The net decrease in noncash stock compensation expense for the three and nine months ended September 30, 2024 was primarily due to a $162,000 and $302,000, respectively, reduction in noncash stock compensation expense due to the Executive Grant Modifications and Employee Grant Modifications described below, including accelerated vesting due to partial vesting of a portion of the replacement grants in the prior year periods, a $30,000 and $179,000, respectively, decrease due to net reductions in headcount since the end of the prior year period, and a $88,000 and $333,000, respectively, reduction in connection with the granting of the Modified PSUs, with accelerated amortization in the prior year periods, due to the market based vesting conditions and use of a Monte Carlo simulation model and lower grant date fair values reflecting lower stock prices on the applicable grant date, compared to the Original PSUs expensed in the prior year periods.

Modifications to Equity-Based Awards

- On January 1, 2022, the Company issued 67,500 performance stock units ("Original PSUs") under the Company's 2014 Amended and Restated Stock Option and Incentive Plan, which vest in five equal increments of 13,500 PSUs, based on satisfaction of certain market based vesting conditions. The Original PSUs were fully expensed as of June 30, 2023. Noncash stock compensation expense related to the Original PSUs totaled $0 and $298,000 for the three and nine months ended September 30, 2023, respectively.

- On April 30, 2023, the Board approved the cancellation of the 67,500 Original PSUs previously granted to certain executives (four plan participants in total) under the 2014 Plan (as described above). In exchange for the cancelled Original PSUs, the executives were granted an aggregate of 67,500 PSUs, which vest, over a five-year term, upon the Company's common stock achieving certain VWAP goals as described at Note 2, elsewhere herein ("Modified PSUs"). Total incremental compensation cost related to the Modified PSUs totaled $540,000 which is recognized prospectively over the implied service period, ranging from .69 years to 1.5 years, calculated in connection with the Monte Carlo simulation model used to determine the fair value of the equity awards immediately before and after the modifications. Noncash stock compensation expense related to the Modified PSUs totaled $28,000 and $125,000 for the three and nine months ended September 30, 2024, respectively. Noncash stock compensation expense related to the Modified PSUs totaled $131,000 and $220,000 for the three and nine months ended September 30, 2023, respectively.

- On April 30, 2023, the Board approved the cancellation of certain stock options to purchase an aggregate of 58,951 shares of the Company's common stock previously granted to certain executives and employees (six plan participants in total) under the Company's 2014 Amended and Restated Employee Stock Option and Incentive Plan (the "2014 Plan"), with an average exercise price of approximately $56.40. In addition, the Board approved the cancellation of certain warrants to purchase an aggregate of 26,100 shares of the Company's common stock previously granted to certain executives and employees, with an average exercise price of approximately $199.80. In exchange for the cancelled options and warrants, certain executives and employees were granted options to purchase an aggregate of 305,000 shares of common stock under the 2014 Plan, at an exercise price of $9.80 (the closing price of the Company's common stock as listed on the Nasdaq Capital Market on April 28, 2023, the last trading day before the approval of the awards), with one-third of the options vesting on the April 30, 2023, the grant date, with the remainder vesting monthly over the thirty-six month period thereafter, subject to continued service ("Executive Grant Modifications") (collectively, "Modified Executive Grants"). The grant and exercise of the Modified Executive Grants was contingent upon the Company receiving approval from its stockholders to increase the number of shares available under the 2014 Plan, which was obtained in connection with the Company's 2023 annual shareholder meeting in September 2023. As such, the grant date and the commencement of noncash stock compensation amortization for the Modified Executive Grants was September 7, 2023. Total incremental compensation cost related to the Modified Executive Grants totaled $347,000, $112,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $235,000 related to unvested awards which is recognized prospectively over the remaining service period of 3 years. Noncash stock compensation expense related to the Modified Executive Grants totaled $54,000 and $162,000 for the three and nine months ended September 30, 2024, respectively. Noncash stock compensation expense related to the Modified Executive Grants totaled $132,000 for the three and nine months ended September 30, 2023.

- On May 1, 2023, the Board approved the cancellation of options to purchase an aggregate of 29,224 shares of the Company's common stock previously granted to its employees (68 plan participants in total) under the 2014 Plan, in exchange for newly issued options to purchase an aggregate of 63,900 shares of the Company's common stock under the 2014 Plan, at an exercise price equal to the closing trading price on May 1, 2023, or $9.81, with a range of zero to one-third of the options vesting on the May 1, 2023, the grant date, dependent upon the tenure of the employee, and the remainder vesting monthly over the forty-eight month period thereafter, subject to continued service ("Employee Grant Modifications")(collectively, "Modified Employee Grants"). Unrecognized compensation expense related to the original award as of the date of the Employee Grant Modifications totaled $960,000 which is recognized prospectively over the remaining service period of 4 years. Total incremental compensation cost related to the Modified Employee Grants totaled $449,000, $101,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $348,000 related to unvested awards which is recognized prospectively over the remaining service period of 4 years. Noncash stock compensation expense related to the Modified Employee Grants totaled $39,000 and $135,000 for the three and nine months ended September 30, 2024, respectively. Noncash stock compensation expense related to the Modified Employee Grants totaled $56,000 and $224,000 for the three and nine months ended September 30, 2023, respectively.

Amortization of intangible assets. Amortization expense for the periods presented was included in the following operating expense line items (dollars in thousands) (Unaudited):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Sales, marketing and advertising	$ 199	$ 534	$ (335)	(63)%	$ 596	$ 1,591	$ (995)	(63)%
Engineering, technology and development	229	492	(263)	(53)%	736	1,656	(920)	(56)%
General and administrative	182	202	(20)	(10)%	564	584	(20)	(3)%
Intangible asset disposal	-	-	-	-%	-	2,284	(2,284)	(100)%
Total amortization expense	$ 610	$ 1,228	$ (618)	(50)%	$ 1,896	$ 6,115	$ (4,219)	(69)%

Amortization expense for the three and nine months ended September 30, 2024 decreased primarily due to a $7.1 million write-down of our partner relationship related intangible assets in the fourth quarter of the year ended December 31, 2023, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc. in June 2021. The write-down resulted in a $7.1 million decrease in the carrying value of the related intangible assets as of December 31, 2023, and a corresponding decrease in scheduled future quarterly and annual amortization expense for the remaining carrying value of the applicable intangible assets, commencing in the first quarter of 2024 (remaining carrying value totaled $860,000 as of December 31, 2023). Amortization expense related to our partner relationship related intangible assets, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets, for the three and nine months ended September 30, 2024 totaled $50,000 and $150,000, respectively. Amortization expense related to our partner relationship related intangible assets, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets, for the three and nine months ended September 30, 2023 totaled $502,000 and $1,506,000, respectively.

In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers. The assets were disposed of in connection with management's review of operations and decision to allocate resources elsewhere. As a result, in the second quarter of 2023, the Company recorded a write-off of net developed technology related intangible assets acquired in connection with the acquisition of Bannerfy totaling $2,284,000. Amortization expense for the disposed Bannerfy related intangible assets for the three and nine months ended September 30, 2023 totaled $0 and $201,000, respectively.

Selling, Marketing and Advertising

Three Months Ended September 30, 2024, Compared to the Three Months Ended September 30, 2023:

Selling, marketing and advertising expense decreased $764,000, or 24% due primarily to a $335,000, or 63% reduction in amortization expense related to the write-down of our partner relationship related intangible assets as described above, and a $107,000 decrease in selling and marketing personnel related noncash stock compensation expense, as described above.

Nine Months Ended September 30, 2024, Compared to the Nine Months Ended September 30, 2023:

Selling, marketing and advertising expense decreased $1.5 million, or 17% due primarily to a $1.0 million, or 63% reduction in amortization expense related to the write-down of our partner relationship related intangible assets as described above, and a $253,000 decrease in selling and marketing personnel related noncash stock compensation expense, as described above.

Engineering, Technology and Development

Components of our platform are available on a "free to use," "always on basis," and are utilized and offered as an audience acquisition tool, as a means of growing our audience, engagement, viewership, players and community. Engineering, technology and development related operating expense include the costs described below, incurred in connection with our audience acquisition and viewership expansion activities. Engineering, technology and development related operating expense includes (i) allocated internal engineering personnel expense, including salaries, noncash stock compensation, taxes and benefits, (ii) third-party contract software development and engineering expense, (iii) internal use software cost amortization expense, and (iv) technology platform related cloud services, broadband and other platform expense, incurred in connection with our audience acquisition and viewership expansion activities, including tools and product offering development, testing, minor upgrades and features, free to use services, corporate information technology and general platform maintenance and support. Capitalized internal use software development costs are amortized on a straight-line basis over the software's estimated useful life.

Three Months Ended September 30, 2024, Compared to the Three Months Ended September 30, 2023:

Engineering, technology and development costs decreased $1.2 million, or 56%, driven primarily by the following:

- Decrease in cloud services and other technology platform costs totaling $243,000, or 60%, and a decrease in product and engineering personnel expense totaling $662,000, or 61%, reflecting the impact of related personnel and other cost reduction activities, including the sale of our Minehut assets.

- Decrease in developed technology related intangible asset amortization expense totaling $263,000, or 53% resulting primarily from the write-down of our Microsoft Minecraft Server, and InPvP developed technology related intangible asset as of December 31, 2023.

Nine Months Ended September 30, 2024, Compared to the Nine Months Ended September 30, 2023:

Engineering, technology and development costs decreased $3.9 million, or 53%, driven primarily by the following:

- Decrease in cloud services and other technology platform costs totaling $1.2 million, or 64%, and a decrease in product and engineering personnel and noncash stock compensation expense totaling $1.5 million, or 48%, and $182,000, or 89%, respectively, reflecting the impact of related personnel and other cost reduction activities, including the sale of our Minehut assets.

- Decrease in developed technology related intangible asset amortization expense totaling $920,000, or 56% resulting primarily from the write-down of our Microsoft Minecraft Server, InPvP developed technology and Bannerfy technology related intangible assets, respectively, during the year ended December 31, 2023, as described above.

General and Administrative

General and administrative expense for the periods presented was comprised of the following (dollars in thousands) (Unaudited):

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Personnel costs	$ 378	$ 542	$ (164)	(30)%	$ 1,331	$ 1,729	$ (398)	(23)%
Office and facilities	49	48	1	2%	147	153	(6)	(4)%
Professional fees	228	183	45	25%	799	660	139	21%
Stock-based compensation	227	398	(171)	(43)%	585	1,339	(754)	(56)%
Depreciation and amortization	205	224	(19)	(8)%	621	651	(30)	(5)%
Other	848	876	(28)	(3)%	3,075	2,562	513	20%
Total general and administrative expense	$ 1,935	$ 2,271	$ (336)	(15)%	$ 6,558	$ 7,094	$ (536)	(8)%

A summary of the main drivers of the change in general and administrative expense for the periods presented is as follows:

For the Three Months Ended September 30, 2024, Compared to the Three Months Ended September 30, 2023:

- Personnel costs decreased due to headcount reductions in various corporate, general and administrative functions in connection with ongoing cost reduction and optimization activities.

- Professional fees expense increased due to additional audit and third-party valuation fees incurred in connection with various fiscal year 2023 complex, nonstandard transactions, including the Melon Acquisition and various technical accounting related aspects associated with preferred stock outstanding, and related freestanding-equity instruments.

- Noncash stock compensation expense included in general and administrative expense decreased primarily due to a $111,000 net reduction in noncash stock compensation expense in connection with the Executive Grant Modification described above, and a $77,000 net reduction in noncash stock compensation expense in connection with the Original PSUs, with an estimated average grant date fair value of $36.16 and which were fully expensed as of September 30, 2023, and the Modified PSUs, with an average grant date fair value of $8.00 and are amortized on an accelerated basis over the implied service period due to the utilization of a Monte Carlo simulation model to determine the estimated fair value of the equity-based award.

For the Nine Months Ended September 30, 2024, Compared to the Nine Months Ended September 30, 2023:

- Personnel costs decreased due to headcount reductions in various corporate, general and administrative functions in connection with ongoing cost reduction and optimization activities.

- Professional fees expense increased in fiscal 2024 due to additional audit and third-party valuation fees incurred in connection with various fiscal year 2023 complex, nonstandard transactions, including the Melon Acquisition and various technical accounting related aspects associated with preferred stock outstanding, and related freestanding equity instruments.

- Noncash stock compensation expense included in general and administrative expense decreased primarily due to a $150,000 net reduction in noncash stock compensation expense related to restricted stock units issued to a third-party consultant that were fully vested as of December 31, 2023, a $202,000 net reduction in noncash stock compensation expense in connection with the Executive Grant Modification described above, and a $183,000 net reduction due to fully vested equity awards as of the end of the prior year quarter with higher average grant date fair values than equity awards included in expense subsequent to September 30, 2023. The decrease also reflects a $224,000 net reduction in noncash stock compensation expense in connection with the Original PSUs, with an estimated average grant date fair value of $36.16 and which were fully expensed as of September 30, 2023, and the Modified PSUs, with an average grant date fair value of $8.00 and are amortized on an accelerated basis over the implied service period due to the utilization of a Monte Carlo simulation model to determine the estimated fair value of the equity-based award.

- Other expense increased due to noncash legal settlement expense incurred in connection with the Pioneer Settlement, described above, comprised of $346,000 of noncash expense in connection with the issuance of 275,000 shares of common stock to Pioneer, and the noncash incremental fair value totaling $283,000, related to Pioneer and other AA AIRs, which were modified to include a reduction in exercise price and an extension of the exercise term, as described at Note 6. Other expense also included a $164,000 noncash legal settlement charge related to the adjustment of the estimated fair value (i.e. mark-to-market), as of the issuance date, for common stock issued pursuant to the Note Holder Settlement Agreement, as described above. The increase was partially offset by a reduction in information technology, insurance and other corporate costs in connection with ongoing cost reduction activities.

Contingent Consideration

Super Biz Acquisition

The Company hired the Founders of Super Biz Co. (“Super Biz”) in connection with the acquisition of (i) substantially all of the assets of Super Biz (the “Super Biz Assets”), and (ii) the personal goodwill of the founders of Super Biz (the “Founders”) regarding Super Biz’s business (collectively, the “Super Biz Acquisition”). Pursuant to the provisions of the Asset Purchase Agreement entered into for the Super Biz Acquisition (the “Super Biz Purchase Agreement”), in the event that a Founder ceases to be an employee during the period from the October 4, 2021 (the “Super Biz Closing Date”) until December 31, 2022 and for the fiscal year ending December 31, 2023 (the “Super Biz Earnout Periods”), as a consequence of his resignation without good cause, or termination for cause, the Super Biz Contingent Consideration will be reduced by one-half (50%) for the respective Super Biz Earn Out Period, if and when earned. Under ASC 805, a contingent consideration arrangement in which the payments are automatically forfeited if employment terminates is considered to be compensation for post-combination services, and not acquisition consideration. As such, the Contingent Consideration, is accounted for as post-combination services and expensed in the period that payment of any amounts of Contingent Consideration is determined to be probable and reasonably estimable. Contingent Consideration is recorded as a liability in the accompanying condensed consolidated balance sheets in accordance with ASC 480, which requires freestanding financial instruments where the company must or could settle the obligation by issuing a variable number of its shares, and the obligation’s monetary value is based solely or predominantly on variations in something other than the fair value of the company’s shares, to be recorded as a liability at fair value and re-valued at each reporting date, with changes in the fair value reported in the condensed consolidated statements of operations.

The change in accrued Super Biz Contingent Consideration and the related income statement impact for the periods presented was comprised of the following (dollars in thousands) (Unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	$ 1,765	$ 709	$ 1,670	$ 3,206
Accrued contingent consideration[3]	-	351	142	1,073
Change in fair value[3]	-	(63)	(9)	141
Contingent consideration Payments[2]	-	-	(38)	(3,423)
Issuance of Super Biz Note (as described below)	(1,765)	-	(1,765)	-
Accrued contingent consideration[1]	$ -	$ 997	$ -	$ 997

(1) As of September 30, 2024, reflects the cash portion of the Super Biz Second Earn Out Period related contingent consideration payable. As of September 30, 2023, the accrual included 16,636 shares of common stock valued at $1.74 the closing price of our common stock as of the applicable period end date.

(2) In May 2024, the Company paid accrued contingent consideration related to the Super Biz Second Earn Out Period, comprised of 30,330 shares of our common stock valued at $38,000. In April 2023, the Company paid accrued contingent consideration related to the Initial Earn Out Period, comprised of $2.9 million of cash payments and payment of 987,973 shares of our common stock valued at $548,000.

(3) Reflected in the condensed consolidated statement of operations for the applicable period.

Melon Acquisition

On May 4, 2023 ("Melon Acquisition Date"), Super League entered into an Asset Purchase Agreement (the "Melon Purchase Agreement") with Melon, Inc., a Delaware corporation ("Melon"), pursuant to which the Company acquired substantially all of the assets of Melon (the "Melon Assets") (the "Melon Acquisition").

Pursuant to the terms and subject to the conditions of the Purchase Agreement, up to an aggregate of $2,350,000 (the "Melon Contingent Consideration") will be payable to Melon in connection with the achievement of certain revenue milestones for the period from the Melon Closing until December 31, 2023 (the "First Earnout Period") in the amount of $1,000,000, and for the year ending December 31, 2024 (the "Second Earnout Period") in the amount of $1,350,000 (the "Second Earnout Period" and the "First Earnout Period" are collectively referred to as the "Earnout Periods"). The Melon Contingent Consideration is payable in the form of cash and common stock, with $600,000 of the aggregate Melon Contingent Consideration being payable in the form of cash, and $1,750,000 payable in the form of common stock, valued at the greater of (a) the Closing Share Price, and (b) the VWAP for the five trading days immediately preceding the end of each respective Earnout Period.

Contingent consideration is recorded as a liability in the accompanying condensed consolidated balance sheets in accordance with ASC 480, which requires freestanding financial instruments where the company must or could settle the obligation by issuing a variable number of its shares, and the obligation's monetary value is based solely or predominantly on variations in something other than the fair value of the company's shares, to be recorded as a liability at fair value and re-valued at each reporting date, with changes in the fair value reported in the condensed consolidated statements of operations. The fair value of the Melon Contingent Consideration on the valuation date was determined utilizing a Monte Carlo simulation model and measured using Level 3 inputs. Assumptions utilized in connection with utilization of the Monte Carlo simulation model as of September 30, 2024 included a risk free interest rate of 4.79%, a volatility rate of 70%, a closing stock price of $2.15 and a discount rate of 30%.

The change in fair value, which is included in contingent consideration expense in the condensed consolidated statement of operations for the applicable periods present was comprised of the following (dollars in thousands) (Unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning balance	$ 336	$ 1,432	$ 538	$ -
Contingent Consideration – Initial accrual – May 2023	-	-	-	1,350
Change in fair value(3)	(68)	(750)	(148)	(668)
Contingent consideration payments (2)	-	-	(122)	-
Accrued contingent consideration(1)	$ 268	$ 682	$ 268	$ 682

(1) As of September 30, 2024, the accrual for the Second Earn Out Period included 84,211 shares of common stock valued at $0.62, the closing price of our common stock as of September 30, 2024.

(2) In May 2024, the Company paid Melon Accrued Contingent consideration related to the Melon First Earn Out Period, comprised of $32,000 of cash payments and payment of 72,118 shares of our common stock valued at $90,000.

(3) Reflected in the condensed consolidated statement of operations for the applicable period.

Other Income (Expense), Net

Gain on Sale of Minehut Assets

On February 29, 2024, the Company sold its Minehut related assets ("Minehut Assets") to GamerSafer, Inc. ("GamerSafer"), in a transaction approved by the Board of Directors of the Company. Pursuant to the Asset Purchase Agreement entered into by and between GamerSafer and the Company on February 26, 2024 (the "GS Agreement"), the Company will receive $1.0 million of purchase consideration ("Purchase Consideration") for the Minehut Assets, which amount will be paid by GamerSafer in revenue and royalty sharing over a multiple-year period, as described in the GS Agreement. Other than with respect to the GS Agreement, there is no relationship between the Company or its affiliates with GamerSafer or its affiliates. The transaction allows Super League to streamline its position in partnering with major brands to build, market, and operate 3D experiences across multiple immersive platforms, including open gaming powerhouses like Minecraft, and aligns with the Company's cost improvement initiatives. Super League and GamerSafer will maintain a commercial relationship which ensures that Minehut can remain an ongoing destination available to Super League's partners. The carrying value of Minehut related assets totaled $475,000 as of February 26, 2024, comprised of total carrying costs of $1,671,000, net of accumulated amortization of $1,196,000, and historically were included in intangible assets, net in the condensed consolidated balance sheet.

The Company recorded a receivable for the total estimated purchase consideration totaling $619,000, of which $224,000 is included in prepaid expense and other current assets and $395,000 is included in other receivables in noncurrent assets, and recognized a gain on sale of the Minehut Assets totaling $144,000, which is included in other income in the condensed consolidated statement of operations. The Purchase Consideration in the GS Agreement is variable pursuant to the guidance set forth in ASC 606. Under ASC 606, purchase consideration is variable if the amount the Company will receive is contingent on future events occurring or not occurring, even though the amount itself is fixed. As such, the Company estimated the amount of consideration to which the Company will be entitled, in exchange for transferring the Minehut Assets to GamerSafer, utilizing the expected value method which is the sum of probability-weighted amounts in a range of possible consideration outcomes over the applicable contractual payment period, resulting in an estimated receivable of $619,000. Amounts collected over and above the estimated purchase consideration recorded at contract inception, if any, will be recognized as additional gains on the sale of Minehut Assets when realized in future periods, up to the $1.0 million stated contractual amount of purchase consideration.

Change in Fair Value of Warrant Liability

Series AAA Junior -3 and Series AAA Junior – 4 Warrants

The Series AAA Junior-3 and Series AAA Junior-4 subscription agreements entered into in September 2024, included the sale of an aggregate of 1,096 units (the "Units"), each Unit consisting of (i) one share of newly designated Series AAA-3 Junior Convertible Preferred Stock or Series AAA-4 Junior Convertible Preferred Stock, as reflected in the table above, and (ii) a warrant to purchase 1,000 shares of the Company's common stock (the "September 2024 Series AAA Junior Investor Warrants"), at a purchase price of $1,000 per Unit, for aggregate gross proceeds to the Company of approximately $1,096,000.

The Investor Warrants are exercisable at $1.00 per share at the option of the holder, subject to adjustment, are exercisable immediately upon issuance and expire three years from the respective issue dates of the Units, subject to certain beneficial ownership limitations. The Investor Warrants contain customary adjustments in the event of stock splits, stock dividends and other corporate events, and contain price-based anti-dilution protections. Any price-based anti-dilution adjustments are conditioned on, and subject to, Stockholder Approval.

The September 2024 Series AAA Junior Investor Warrant agreements also contain a provision that states that, upon exercise of the warrant by an investor, if for any reason the company fails to deliver the shares by the settlement date, the investor can require the company to make a cash payment ("Buy-In Provision"). The cash payment would be based on the amount (if any) that the investor lost by having to purchase shares in the open market because of the company's failure to deliver the shares.

As a result of the Buy-In Provision, the ability to deliver shares upon exercise of the Investor Warrants in every circumstance is generally not within the control of the Company as contemplated by the accounting standards, and thus, a partial cash settlement may be required outside of the Company's control. As such, the September 2024 Series AAA Junior Investor Warrants do not meet the requirements for equity classification, and therefore, the fair value of the September 2024 Series AAA Junior Investor Warrants are recorded as a liability on the consolidated balance sheet and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. Refer to the table below.

Placement Agent Warrants

The Placement Agent Warrants issued in connection with the Series A Preferred Stock, Series AA Preferred Stock and Series AAA Preferred Stock (including the Exchange), described above, include provisions that are triggered in the event of the occurrence of a Fundamental Transaction, as defined in the underlying warrant agreement, which contemplates the potential for certain transactions that result in a third-party acquiring more than 50% of the outstanding shares of common stock of the Company for cash or other assets. Given the existence of multiple classes of voting stock for the Company, as described above, the Fundamental Transaction provisions in the warrant agreements could result in a 50% or more change in ownership of outstanding common stock, without a 50% change in voting interests. As such, the Placement Agent Warrants are not eligible for the scope exception under ASC 815, and therefore, the fair value of the Placement Agent Warrants are recorded as a liability on the consolidated balance sheet and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations.

The fair value and change in the fair value of the warrant liability, measured using Level 3 inputs, and the related income statement impact was comprised of the following for the applicable periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Series AAA Junior-3 and Series AAA Junior-4 Warrants:				
Beginning balance	$ -	$ -	$ -	$ -
Initial fair value of warrant liability – grant date(1)	346,000	-	346,000	-
Change in fair value	14,000	-	14,000	-
Subtotal - fair value of warrant liability - Series AAA Junior -3 and Series AAA Junior – 4 Warrants	360,000	-	360,000	-
Placement Agent Warrants:				
Beginning balance	$ 665,000	$ 1,764,000	$ 1,571,000	$ -
Initial fair value of warrant liability – grant date(1)	134,000		134,000	2,804,000
Change in fair value	(212,000)	(1,512,000)	(1,118,000)	(2,552,000)
Subtotal - fair value of warrant liability – Placement Agent Warrants	587,000	252,000	587,000	252,000
Total fair value of warrant liability	$ 947,000	$ 252,000	$ 947,000	$ 252,000

(1) Estimated fair value on the date of issuance.

Interest Expense

Interest expense for the three and nine months ended September 30, 2024 was primarily comprised of interest paid or accrued in connection with the SLR Facility, totaling $19,000 and $52,000, respectively, and accrued interest expense in connection with the Super Biz Note issued in August 2024, as described below, totaling $25,000 and $25,000, respectively.

Loss on Extinguishment of Liability

In August 2024, the Company issued an unsecured promissory note to the Founders in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding, with a principle amount totaling approximately $1.8 million, whereby the Company is obligated to pay the outstanding contingent consideration on the following repayment terms (“Super Biz Note”).

Interest accrues on the outstanding principal at the rate of 8.5% per annum, and accrues until the earlier of (i) repayment of the Super Biz Note in full, or (ii) the Maturity Date.

In addition, in connection with the issuance of the Super Biz Note, during the period commencing January 2, 2025 and concluding on January 6, 2025, the Company will issue 98,438 shares of the Company’s common stock to the Founders, valued at $336,000, based on the closing price of our common stock on the date of issuance of the promissory note.

The issuance of the Super Biz Note in exchange for the related accrued contingent consideration balance was accounted for as an extinguishment of the original liability due to the fact that the present value of the cash flows under the terms of Super Biz Note was determined to be at least 10 percent different from the present value of the remaining cash flows under the terms of the original obligation. As a result, a gain on extinguishment totaling $336,000 was recorded in the statement of operations, and credited to additional paid in capital (included in “Other” in the consolidated statement of stockholder’s equity), for the three and nine months ended September 30, 2024, primarily comprised of the fair value of the 98,438 shares of restricted stock (based on closing price of our common stock on the date of issuance of the Super Biz Note) to be issued, as described above.

The default interest provision included in the Super Biz Note represents an embedded derivative with a fair value of $171,000 as of August 1, 2024, the date of issuance of the Super Biz Note. The fair value of the derivative liability is included in the September 30, 2024 balance sheet under the caption “Promissory note – contingent consideration,” and is required to be marked to market at each balance sheet. The change in fair value of the derivative liability was not material for the three and nine months ended September 30, 2024.

Liquidity and Capital Resources

General

Cash and cash equivalents totaled $0.3 million and $7.6 million at September 30, 2024 and December 31, 2023, respectively. The change in cash and cash equivalents for the periods presented reflects the impact of operating, investing and financing cash flow related activities as described below.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company incurred net losses, including significant noncash charges, as reflected in the summary condensed consolidated results of operation above, and had an accumulated deficit of $263.7 million as of September 30, 2024. Net cash used in operating activities for the nine months ended September 30, 2024 totaled $8.2 million.

To date, our principal sources of capital used to fund our operations and growth have been the net proceeds received from equity and debt financings. We have and will continue to use significant capital for the growth and development of our business, and, as such, we expect to seek additional capital either from operations, or that may be available from future issuance(s) of common stock, preferred stock and / or debt financings, to fund our planned operations. Accordingly, our results of operations and the implementation of our long-term business strategies have been and could continue to be adversely affected by general conditions in the global economy, including conditions that are outside of our control. The most recent global financial crisis caused by severe geopolitical conditions, including conflicts abroad, and the threat of other outbreaks or pandemics, have resulted in extreme volatility, disruptions and downward pressure on stock prices and trading volumes across the capital and credit markets in which we traditionally operate. A severe or prolonged economic downturn could result in a variety of risks to our business and could have a material adverse effect on us, including limiting our ability to obtain additional funding from the capital and credit markets. In management's judgement, these conditions raise substantial doubt about the ability of the Company to continue as a going concern as contemplated by FASB ASC 205-40, "Going Concern," ("ASC 205").

Management's Plans

In September 2024, the Company announced the iR Transaction as described above.

On October 24, 2024, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with a certain accredited investor for the registered direct offering of an aggregate of 1,136,364 shares of the Company's common stock, par value $0.001 per share (the "Shares"), at a purchase price of $0.88 per Share (the "Registered Direct Offering"). The Registered Direct Offering close on or about October 25, 2024, subject to the satisfaction of customary closing conditions in the Purchase Agreement, and resulted in gross proceeds to the Company of approximately $1.0 million.

On November 8, 2024 (the "Effective Date"), the Company and its subsidiary, InPVP, LLC ("Subsidiary"), entered into a Business Loan and Security Agreement (the "Agile Loan Agreement"), with Agile Capital Funding, LLC as collateral agent ("Collateral Agent"), and Agile Lending, LLC ("Agile"), pursuant to which the Company issued to Agile a Confessed Judgment Secured Promissory Note for an aggregate value of $1.85 million (the "Agile Note"). Pursuant to the Agile Loan Agreement: (i) the Agile Note matures 28 weeks from the Effective Date; (ii) carries an aggregate total interest payment of approximately $0.78 million (the "Applicable Rate"), and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent. The Company is required to repay all the obligations due under the Agile Loan Agreement and the Agile Note in 28 equal payments of $93,821.43, with the first payment being made to Agile on November 14, 2024, and every seven days thereafter until the Maturity Date. The proceeds received from the Agile Note will be used to fund general working capital needs. For more information on the Agile Loan Agreement and the Agile Note, refer to Note 8 of the accompanying financial statements.

Management continues to explore alternatives for raising capital to facilitate our growth and execute our business strategy, including strategic partnerships and or other forms of equity or debt financings. We may continue to evaluate potential strategic acquisitions. To finance such strategic acquisitions, we may find it necessary to raise additional equity capital, incur debt, or both. Any efforts to seek additional funding could be made through issuances of equity or debt, or other external financing. However, additional funding may not be available on favorable terms, or at all. The capital and credit markets have experienced extreme volatility and disruption periodically and such volatility and disruption may occur in the future. If we fail to obtain additional financing when needed, we may not be able to execute our business plans which, in turn, would have a material adverse impact on our financial condition, our ability to meet our obligations, and our ability to pursue our business strategies.

We may continue to evaluate potential strategic acquisitions. To finance such strategic acquisitions, we may find it necessary to raise additional equity capital, incur debt, or both. Any efforts to seek additional funding could be made through issuances of equity or debt, or other external financing. However, additional funding may not be available on favorable terms, or at all. The capital and credit markets have experienced extreme volatility and disruption periodically and such volatility and disruption may occur in the future. If we fail to obtain additional financing when needed, we may not be able to execute our business plans which, in turn, would have a material adverse impact on our financial condition, our ability to meet our obligations, and our ability to pursue our business strategies.

Cash Flows for the Nine Months Ended September 30, 2024 and 2023

The following table summarizes the change in cash balances for the periods presented (dollars in thousands) (Unaudited):

	Nine Months Ended September 30,	
	2024	**2023**
Net cash used in operating activities	$ (8,160)	$ (14,090)
Net cash used in investing activities	(457)	(658)
Net cash provided by financing activities	1,297	13,406
(Decrease) increase in cash	(7,320)	(1,342)
Cash and cash equivalents, at beginning of period	7,609	2,482
Cash and cash equivalents, at end of period	$ 289	$ 1,140

Cash Flows from Operating Activities.

Net cash used in operating activities during the nine months ended September 30, 2024, primarily reflected our GAAP net loss, net of adjustments to reconcile net GAAP loss to net cash used in operating activities, which included noncash stock compensation charges of $986,000, depreciation and amortization charges of $2.0 million, gain on disposal of intangible assets of $(144,000), net changes in fair value of certain liabilities of ($1.3 million), noncash legal settlement charges of $724,000, noncash loss on extinguishment of debt of $336,000 and net changes in working capital of $525,000. Changes in working capital primarily reflected the impact of the management and settlement of receivables and payables in the ordinary course.

Net cash used in operating activities during the nine months ended September 30, 2023, primarily reflected our GAAP net loss, net of adjustments to reconcile net GAAP loss to net cash used in operating activities, which included noncash stock compensation charges of $2.2 million, depreciation and amortization charges of $3.9 million, disposal of intangible asset charges of $2.3 million, net changes in fair value of certain liabilities of ($3.1 million) and net changes in working capital of ($2.4 million). Changes in working capital primarily reflected the impact of the settlement of receivables and payables in the ordinary course and the payment of the cash portion of the Super Biz Contingent Consideration, as described above.

Cash Flows from Investing Activities.

Cash flows from investing activities were comprised of the following for the periods presented (dollars in thousands) (Unaudited):

	Nine Months Ended September 30,	
	2024	**2023**
Cash paid in connection with Melon Acquisition	$ -	$ (150)
Purchase of property and equipment	(23)	(8)
Capitalization of software development costs	(434)	(483)
Other intangible assets	-	(17)
Net cash used in investing activities	$ (457)	$ (658)

Melon Acquisition. On May 4, 2023, we entered into an Asset Purchase Agreement with Melon, pursuant to which the Company acquired substantially all of the assets of Melon, as described above. At the Closing, the Company paid an aggregate total of $900,000 to Melon, of which $150,000 was paid in the form of the forgiveness of certain working capital advances paid to Melon in the equivalent amount, and the remaining $750,000 was paid in the form of shares of the Company's common stock, valued at the Closing Share Price, as described above.

Capitalized Internal Use Software Costs. Software development costs incurred to develop internal-use software during the application development stage are capitalized and amortized on a straight-line basis over the software's estimated useful life, which is generally three years. Software development costs incurred during the preliminary stages of development are charged to expense as incurred. Maintenance and training costs are charged to expense as incurred. Upgrades or enhancements to existing internal-use software that result in additional functionality are capitalized and amortized on a straight-line basis over the applicable estimated useful life.

Cash Flows from Financing Activities.

Cash flows from financing activities were comprised of the following for the periods presented (dollars in thousands) (Unaudited):

	Nine Months Ended September 30,	
	2024	**2023**
Proceeds from issuance of preferred stock, net of issuance costs	$ 2,129	$ 12,060
Proceeds from issuance of common stock, net of issuance costs		1,885
Payments on convertible notes	-	(539)
Contingent consideration payments – Melon Acquisition	(32)	-
Advances from accounts receivable facility	1,033	-
Payments on accounts receivable facility	(1,833)	-
Net cash provided by financing activities	$ 1,297	$ 13,406

Account Receivable Financing Facility

The Company and its subsidiaries (collectively with the Company, the "Borrowers"), entered into a Financing and Security Agreement (the "SLR Agreement") with SLR Digital Finance, LLC ("Lender"), effective December 17, 2023 (the "Facility Effective Date"). Pursuant to the SLR Agreement, Lender may, from time to time and in its sole discretion, make certain cash advances to the Company (each an "Advance", and collectively, "Advances"), against the face amounts of certain uncollected accounts receivable of the Borrowers on an account-by-account basis (each, a "Financed Account", and collectively, the "Accounts"), at a rate of 85% multiplied by the face value of such Account (the "Advance Rate"), less any reserved funds and any other amounts due to Lender from Borrowers, up to a maximum aggregate Advance amount of $4,000,000 (the "Maximum Amount")(the Advances on the Accounts is hereinafter, the "Facility"). Upon receipt of any Advance, Borrowers will have assigned all of its rights in such receivables and all proceeds thereof. The proceeds received from the Facility are, and will be, used to fund general working capital needs.

The SLR Agreement is effective for 24 months from the Facility Effective Date (the "Term"), automatically extends for successive Terms (each, a "Renewal Term"), and the Borrowers' are obligated to pay the Lender an early termination fee in the event the SLR Agreement is terminated under certain circumstances prior to the end of any Term or Renewal Term, as more specifically set forth in the SLR Agreement.

In connection with the Facility, the Company agreed to, among other things, (i) pay a finance fee equal to 2% of the Maximum Amount, payable in 24 equal monthly installments on the last day of each month of the Term until paid in full, (ii) pay a servicing fee equal to 0.30% multiplied by the actual average daily amount of Advances outstanding at the time of determination (the "Outstanding Amount") for the applicable month, on the last day of each calendar month during the Term (or so long as any obligations arising under the SLR Agreement are outstanding); (iii) be charged a monthly financing fee (the "Financing Fee"), due upon receipt of full payment of a Financed Account by Lender, equal to 1/12 of (a) the prime rate plus 2% (the "Facility Rate"), multiplied by (b) the amount of the Outstanding Amount; and (iv) utilize the facility such that the monthly average aggregate Advances outstanding is at $400,000 (the "Minimum Utilization"). In the event that Borrower's monthly utilization is less than the applicable Minimum Utilization for any month, the Financing Fee for such month shall be calculated as if the applicable Minimum Utilization has been satisfied.

Furthermore, the SLR Agreement imposes various restrictions on the activities of the Borrowers, including a prohibition on fundamental changes to the Company or its subsidiaries (including certain consolidations, mergers and sales and transfers of assets, and limitations on the ability of the Borrowers to grant liens upon their property or assets). The SLR Agreement includes standard Events of Default (as defined in the SLR Agreement), and provide that, upon the occurrence of certain events of default, Lender may, among other things, immediately collect any obligation owing to Lender under the SLR Agreement, cease advancing money to the Borrowers, take possession of any collateral, and/or charge interest at a rate equal to the lesser of (i) 6% above the Facility Rate, and (ii) the highest default rate permitted by applicable law.

As security for the full and prompt payment and performance of any obligations arising under the SLR Agreement, the Borrowers granted to Lender a continuing first priority security interest in all the assets of the Borrowers. The SLR Agreement also provides for customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default.

Transfers of financial assets that do not qualify for sale accounting are reported as collateralized borrowings. Financing and servicing fees calculated with reference to amounts advanced under the AR Facility are included in interest expense. The commitment fee, based on the maximum facility amount and payable irrespective of drawdowns, is expensed on a straight line basis over the term of the AR Facility.

Convertible Preferred Stock

On the dates set forth in the table below, we entered into subscription agreements with accredited investors in connection with the sale of newly designated series of Convertible Preferred Stock, each series having a $0.001 par value and a $1,000 purchase price, as follows (rounded to the nearest thousand, except share and per share data) (Unaudited):

		Preferred Stock				Proceeds			Conversion Shares - Common Stock			Other
Series Designation	Closing Date	Conversion Prices(2)(3)(4)	Shares Purchased/ Issued in Exchange(6)	Conversions / Exchanges	Outstanding - September 30, 2024	Gross Proceeds	Fees	Net Proceeds	Original	Conversions/ Exchanges(5)	September 30, 2024	Placement Agent Warrants(1)
A	November 22, 2022	$ 12.40	5,359	(4,919)	440	$ 5,359,000	$ 697,000	$ 4,662,000	432,000	(397,000)	35,000	62,000
A-2	November 28, 2022	$ 13.29	1,297	(834)	463	1,297,000	169,000	1,128,000	98,000	(63,000)	35,000	14,000
A-3	November 30, 2022	$ 13.41	1,733	(1,418)	315	1,733,000	225,000	1,508,000	129,000	(106,000)	23,000	18,000
A-4	December 22, 2022	$ 7.60	1,934	(1,554)	380	1,934,000	251,000	1,683,000	254,000	(204,000)	50,000	36,000
A-5	January 31, 2023	$ 11.09	2,299	(1,519)	780	2,299,000	299,000	2,000,000	207,000	(137,000)	70,000	30,000
AA	April 19, 2023	$9.43/$1.89	7,680	(3,981)	3,699	7,680,000	966,000	6,714,000	4,072,000	(2,111,000)	1,961,000	114,000
AA-2	April 20, 2023	$10.43/$2.09	1,500	(1,500)	-	1,500,000	130,000	1,370,000	719,000	(719,000)	-	13,000
AA-3	April 28, 2023	$9.50/$1.90	1,025	(1,000)	25	1,025,000	133,000	892,000	539,000	(526,000)	13,000	15,000
AA-4	May 5, 2023	$9.28/$1.86	1,026	(526)	500	1,026,000	133,000	893,000	553,000	(283,000)	270,000	16,000
AA-5	May 26, 2023	$10.60/$2.12	550	(500)	50	550,000	72,000	478,000	259,000	(236,000)	23,000	7,000
AAA	November 30, 2023	$ 1.67	9,388	(1,513)	7,875	9,388,000	645,000	8,743,000	5,608,000	(904,000)	4,704,000	466,000
AAA-2	December 22, 2023	$ 1.71	5,334	(2,126)	3,208	5,334,000	357,000	4,977,000	3,119,000	(1,243,000)	1,876,000	452,000
AAA-Junior	June 26, 2024	$ 1.25	1,210	-	1,210	1,210,000	145,000	1,065,000	968,000	-	968,000	140,000
AAA-Junior - 2	July 10, 2024	$ 1.25	551	-	551	551,000	66,000	485,000	441,000	-	441,000	64,000
AAA-Junior - 3	September 20, 2024	$ 1.25	697	-	697	697,000	84,000	613,000	558,000	-	558,000	81,000
AAA-Junior - 4(7)	September 30, 2024	$ 1.25	399	-	399	399,000	48,000	351,000	319,000	-	319,000	46,000
			41,982	**(21,390)**	**20,592**	**$ 41,982,000**	**$ 4,420,000**	**$ 37,562,000**	**18,275,000**	**(6,929,000)**	**11,346,000**	**1,574,000**

(1) Pursuant to the terms of the Placement Agent Agreements, we agreed to issue to the Placement Agent, following the final closing under the individual Preferred Stock Offerings (effective as of the respective individual series closing dates), five-year warrants to purchase 14.5% of the shares of common stock issuable upon conversion of the respective series of Convertible Preferred Stock sold in the respective Preferred Stock Offering, at an exercise price equal to the applicable Preferred Stock Offering conversion price.

(2) The Conversion price for Series AA Preferred Stock outstanding as of August 23, 2023, totaling 10,706 shares of Series AA Preferred Stock, was adjusted to $2.60 as a result of the Series AA Down Round Feature described below.

(3) The Conversion prices for the Series AA Preferred Stock outstanding as of November 30, 2023, totaling 7,322 shares of Series AA Preferred Stock, were adjusted to the conversion prices shown in the table above, as a result of the Series AA Down Round Feature described below.

(4) The triggering of the Down Round Feature for the Series AA Preferred Stock, occurring in August 2023, resulted in a deemed dividend totaling $6,446,000, which was charged to retained earnings in the September 30, 2023 consolidated balance sheet.

(5) As adjusted to reflect reduction in conversion prices as a result of the Series AA Down Round Feature, described below.

(6) Series AAA and Series AAA-2 totals include 4,011 and 2,356 preferred shares, respectively, issued in connection with the Exchange Agreements described below.

(7) A portion of the proceeds received subsequent to September 30, 2024. Receivable totaling $300,000 included in additional paid in capital as of September 30, 2024.

Use of net proceeds included working capital, general corporate purposes, and certain indebtedness (Series A Preferred only), including sales and marketing activities and product development. As disclosed at Note 5, in the event the Company consummated a subsequent equity financing during the term of the Notes, the Company was required, at the option of the Note Holders, to use 50% of the gross proceeds raised from such sale to redeem all or any portion of the Notes outstanding upon closing of such equity financing. For the three months ended March 31, 2023, $719,000 of the net proceeds from the Series A Offerings were utilized in connection with the redemption of the Notes.

Equity Financing

On August 21, 2023, we entered into an underwriting agreement (the "Underwriting Agreement") with Aegis Capital Corp. (the "Underwriter"), relating to the Company's public offering (the "Common Stock Offering") of 778,653 shares of its common stock, par value $0.001 per share, and pre-funded warrants to purchase 67,500 shares of the Company's common stock, in lieu of the Company's common stock (the "Pre-Funded Warrants", and collectively with the Shares, the "Firm Securities") to certain investors. Pursuant to the Underwriting Agreement, the Company also granted the Underwriters a 45-day option ("Option") to purchase an additional 126,923 shares of the Company's common stock and/or Pre-Funded Warrants (the "Option Securities", and together with the Firm Securities, the "Securities"). On September 12, 2023, the Underwriter partially exercised its Option and purchased an additional 32,616 shares of common stock at a price of $2.60 per share. The issuance by the Company of the Option Securities resulted in total gross proceeds of approximately $84,800, before deducting underwriting discounts, commissions, and other offering expenses payable by the Company.

On August 23, 2023, the Company issued the Firm Securities and closed the Offering at a public price of $2.60 per share, and $2.58 per share underlying each Pre-Funded Warrant, for net proceeds to the Company of approximately $1.8 million after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company.

Each Pre-Funded Warrant had an exercise price per share of common stock equal to $0.001 per share. The exercise price and the number of shares of common stock issuable upon exercise of each Pre-Funded Warrant was subject to appropriate adjustments in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the common stock. Under the Pre-Funded Warrants, a holder would not be entitled to exercise any portion of any Pre-Funded Warrant that, upon giving effect to such exercise, would cause: (i) the aggregate number of shares of common stock beneficially owned by such holder (together with its affiliates) to exceed 4.99% of the number of shares of common stock outstanding immediately after giving effect to the exercise; or (ii) the combined voting power of the Company's securities beneficially owned by such holder (together with its affiliates) to exceed 4.99% of the combined voting power of all of the Company's securities outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Pre-Funded Warrant, which percentage may be changed at the holder's election to a higher or lower percentage not in excess of 9.99% upon 61 days' notice to the Company. In addition, in certain circumstances, upon a fundamental transaction, a holder of Pre-Funded Warrants would be entitled to receive, upon exercise of the Pre-Funded Warrants, the kind and amount of securities, cash or other property that such holder would have received had they exercised the Pre-Funded Warrants immediately prior to the fundamental transaction. The Pre-Funded Warrants were fully exercised as of August 29, 2023.

The Firm Securities were offered, issued, and sold pursuant to a prospectus supplement and accompanying prospectus filed with the Securities and Exchange Commission (the "SEC") pursuant to an effective shelf registration statement filed with the SEC on Form S-3 (File No. 333-259347) (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), as supplemented by a prospectus supplement, dated August 23, 2023, relating to the Securities (together with the accompanying base prospectus, dated September 7, 2021, the "Prospectus Supplement"), filed with the SEC pursuant to Rule 424(b) of the Securities Act on August 23, 2023.

Convertible Debt. On May 16, 2022, as summarized above and further described at Note 5, the Company entered into a securities purchase agreement with three institutional investors, providing for the sale and issuance of a new series of senior convertible notes in the aggregate original principal amount of $4,320,000, of which 8% is an original issue discount. As of December 31, 2022, the outstanding balance of the Notes and related accrued interest totaled $719,000, which was subsequently paid in full during the three months ended March 31, 2023.

Contractual Obligations and Off-Balance Sheet Commitments and Arrangements

As of September 30, 2024, we had no significant commitments for capital expenditures, nor do we have any committed lines of credit, other committed funding or long-term debt, and no guarantees. As of September 30, 2024 we maintain approximately 3,200 square feet of office space, 1,650 square feet of which is on a month-to-month basis, and 1,550 square feet of which is subject to a two-year lease, commencing on August 1, 2021.

We have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our condensed consolidated financial statements included elsewhere herein. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

Contingencies

Certain conditions may exist as of the date the condensed consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management, in consultation with its legal counsel as appropriate, assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, in consultation with legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Recent Accounting Pronouncements

Refer to Note 2 to the accompany condensed consolidated financial statements contained elsewhere in this Report.

Critical Accounting Estimates

Our unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these condensed consolidated statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these condensed consolidated financial statements. The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of a company's financial condition and results of operations, and which require a company to make its most difficult and subjective judgments. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 31, 2023, as amended. In addition, refer to Note 2 to the condensed consolidated financial statements included in this Report. The following accounting policies were identified during the current period, based on activities occurring during the current period, as critical and requiring significant judgments and estimates.

Revenue Recognition

The Company generates revenue from (i) innovative advertising including immersive game world and experience publishing and in-game media products, (ii) content and technology through the production and distribution of our own, advertiser and third-party content, and (iii) direct to consumer offers, including in-game items, e-commerce, game passes and digital collectibles.

Revenue is recognized when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services and when the customer obtains control of the good or service. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

We make estimates and judgments when determining whether we will collect substantially all of the consideration to which we will be entitled in exchange for the goods or services that will be transferred to the customer. We assess the collectability of receivables based on several factors, including past transaction history and the creditworthiness of our customers. If it is determined that collection is not reasonably assured, amounts due are recognized when collectability becomes reasonably assured, assuming all other revenue recognition criteria have been met, which is generally upon receipt of cash for transactions where collectability may have been an issue. Management's estimates regarding collectability impact the actual revenue recognized each period and the timing of the recognition of revenue. Our assumptions and judgments regarding future collectability could differ from actual events and thus materially impact our financial position and results of operations.

Depending on the complexity of the underlying revenue arrangement and related terms and conditions, significant judgments, assumptions and estimates may be required to determine each parties rights regarding the goods or services to be transferred, each parties performance obligations, whether performance obligations are satisfied at a point in time or over time, estimates of completion methodologies, the timing of satisfaction of performance obligations, whether we are a principal or agent in the arrangement and the appropriate period or periods in which, or during which, the completion of the earnings process and transfer of control occurs. Depending on the magnitude of specific revenue arrangements, if different judgments, assumptions and estimates are made regarding revenue arrangements in any specific period, our periodic financial results may be materially affected.

Relaxed Ongoing Reporting Requirements

Upon the completion of our initial public offering, we elected to report as an "emerging growth company" (as defined in the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not "emerging growth companies," including but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- taking advantage of extensions of time to comply with certain new or revised financial accounting standards;
- being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- being exempt from the requirement to hold a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not "emerging growth companies," and our stockholders could receive less information than they might expect to receive from more mature public companies.

We expect to take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an "emerging growth company" for up to five years, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an "emerging growth company" as of the following December 31.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In the ordinary course of our business, we are not currently exposed to market risk of the sort that may arise from changes in interest rates or foreign currency exchange rates, or that may otherwise arise from transactions in derivatives.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO") conducted an evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our CEO and our CFO each concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act, (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management, including our CEO and our CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023, we identified a material weakness in our internal control over financial reporting as of December 31, 2023, related to the accounting for the triggering of a down round feature related to preferred stock, in connection with the preparation of our consolidated interim financial statements for the three and nine months ended September 30, 2023. Subsequently, we executed our remediation plan for such material weakness, as disclosed in our 2023 Annual Report on Form 10-K, by, among other things, ensuring that financial statement preparation checklists utilized by the Company to identify non-standard and complex transactions disclosure requirements are completed and reviewed by resources with requisite knowledge in a timely manner for interim financial reporting purposes, to improve disclosure controls and procedures and internal control over financial reporting in these complex non-standard technical areas. As a result, we believe that the material weakness described above was remediated as of May 15, 2024, the filing date of our first quarter 2024 Quarterly Report on Form 10-Q.

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than completion of the actions taken to remediate the material weakness which existed as of December 31, 2023, as described above.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Management is not aware of any material changes to the risk factors discussed in Part 1, Item 1A, of the Annual Report on Form 10-K for the year ended December 31, 2023. In addition to other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part 1, Item 1A, of the Annual Report on Form 10-K for the year ended December 31, 2023, as amended, and subsequent reports filed pursuant to the Exchange Act which could materially and adversely affect the Company's business, financial condition, results of operations, and stock price. The risks described in the Annual Report on Form 10-K and subsequent reports filed pursuant to the Exchange Act are not the only risks facing the Company. Additional risks and uncertainties not presently known to management, or that management presently believes not to be material, may also result in material and adverse effects on our business, financial condition, and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

No unregistered securities were issued during the three and nine months ended September 30, 2024 that were not previously reported.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(b) Exhibits

Exhibit No.	Description	Incorporation by Reference
3.1	Certificate of Designation of Preferences Rights and Limitations of the Series AAA Junior Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on July 2, 2024.
3.2	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-2 Junior Convertible Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on July 16, 2024
3.3	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-3 Junior Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on September 23, 2024
3.4	Certificate of Correction to Certificate of Designation of Preferences, Rights and Limitations of the Series AAA Junior Preferred Stock	Exhibit 3.2 to the Current Report on Form 8-K, filed on September 23, 2024
3.5	Certificate of Correction to Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-2 Junior Preferred Stock	Exhibit 3.3 to the Current Report on Form 8-K, filed on September 23, 2024
3.6	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-4 Junior Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed October 1, 2024
10.1**	Form of Series AAA Junior Subscription Agreement	Exhibit 10.1 to the Current Report on Form 8-K filed on July 2, 2024.

10.2**	Form of Series AAA Junior Registration Rights Agreement	Exhibit 10.2 to the Current Report on Form 8-K, filed on July 2, 2024
10.3	Placement Agency Agreement, dated June 3, 2024, by and between Super League Enterprise, Inc., and Aegis Capital Corporation	Exhibit 10.1 to the Current Report on Form 8-K, filed on July 16, 2024
10.4	Form of Series AAA Junior Placement Agent Warrant	Exhibit 10.2 to the Current Report on Form 8-K, filed on July 16, 2024
10.5	Placement Agency Agreement, dated August 23, 2024, by and between Super League Enterprise, Inc., and Aegis Capital Corporation, as amended on August 29, 2024	
10.6**	Form of Series AAA-3 Junior Subscription Agreement	Exhibit 10.1 to the Current Report on Form 8-K, filed on September 23, 2024
10.7**	Form of Series AAA-3 Junior Registration Rights Agreement	Exhibit 10.2 to the Current Report on Form 8-K, filed on September 23, 2024
10.8	Form of Investor Warrant	Exhibit 10.3 to the Current Report on Form 8-K, filed on September 23, 2024
10.9	Form of Series AAA-3 Junior Placement Agent Warrant	Exhibit 10.4 to the Current Report on Form 8-K, filed on September 23, 2024
10.10	Binding Term Sheet, dated September 30, 2024, between Super League Enterprise, Inc., and Infinite Reality, Inc.	Exhibit 10.1 to the Current Report on Form 8-K, filed on October 4, 2024
10.11	Equity Exchange Agreement, dated September 30, 2024, by and between Super League Enterprise, Inc., and Infinite Reality, Inc.	Exhibit 10.2 to the Current Report on Form 8-K, filed on October 4, 2024
10.12	Form of Securities Purchase Agreement, dated October 24, 2024	Exhibit 10.1 to the Current Report on Form 8-K, filed on October 25, 2024
10.13	Amended and Restated Equity Exchange Agreement, dated October 29, 2024, by and between Super League Enterprise, Inc., and Infinite Reality, Inc.	Exhibit 10.1 to the Current Report on Form 8-K, filed on October 29, 2024
10.14	Unsecured Promissory Note, dated August 1, 2024, issued to Sam Drozdov by Super League Enterprise, Inc.	
10.15	Unsecured Promissory Note, dated August 1, 2024, issued to Bloxbiz Co. by Super League Enterprise, Inc.	
10.16	Unsecured Promissory Note, dated August 1, 2024, issued to Ben Khakshoor by Super League Enterprise, Inc.	
10.17	Business Loan Agreement, dated November 8, 2024, by and among Super League Enterprise, Inc., InPVP, LLC, Agile Capital Funding, LLC, and Agile Lending, LLC	
10.18	Confessed Judgment Secured Promissory Note, dated November 8, 2024, issued by Super League Enterprise, Inc. and InPVP, LLC, to Agile Lending, LLC	
31.1	Certification of the Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
31.2	Certification of the Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
32.1	Certification of the Principal Executive Officer and Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
101.INS	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document and included in Exhibit 101)	

** Certain portions of this exhibit (indicated by "[*****]") have been omitted as the Company has determined (i) the omitted information is not material and (ii) the omitted information would likely cause harm to the Company if publicly disclosed.

SIGNATURES

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

SUPER LEAGUE ENTERPRISE, INC.

By /s/ Ann Hand
Ann Hand
Chief Executive Officer
(Principal Executive Officer)

By /s/ Clayton Haynes
Clayton Haynes
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 14, 2024

Exhibit 10.5

PLACEMENT AGENCY AGREEMENT

August 23, 2024

Aegis Capital Corp.
1345 Avenue of the Americas, 27th Floor
New York, NY 10105

Re: Super League Enterprise, Inc.

Ladies and Gentlemen:

This Placement Agency Agreement ("**Agreement**") sets forth the terms upon which Aegis Capital Corp., a New York corporation ("**Aegis**" or "**Placement Agent**"), a registered broker-dealer and member of the Financial Industry Regulatory Authority ("**FINRA**"), shall be engaged by Super League Enterprise, Inc., a Delaware corporation (the "**Company**") to act as the exclusive placement agent in connection with the private placement (the "**Offering**") of shares (the "**Shares**") of Series AAA Junior Convertible Preferred Stock, par value $0.001 per share (the specific sub-series to be sold will be called Series AAA-3 Junior Convertible Preferred Stock and Shares issued at subsequent closings will be designated Series AAA-4 Junior Convertible Preferred Stock, Series AAA-5 Junior Convertible Preferred Stock and so on and all subseries of such stock being sold in the Offering is sometimes hereinafter referred to as the "**Series AAA Junior Preferred Stock**"). The Offering will consist of a minimum of 1,000 shares ($1,000,000) (the "**Minimum Amount**") and up to a maximum of 5,000 Shares ($5,000,000) ("**Maximum Amount**") which shall be offered on a "reasonable efforts, all or none" basis as to the Minimum Amount and a "reasonable efforts" basis for all amounts in excess of the Minimum Amount. In the event the Offering is oversubscribed, the Company may, upon the mutual agreement between the Company and the Placement Agent, issue up to an additional 2,500 Shares ($2,500,000) (the "**Overallotment**"). The purchase price for the Shares will be $1,000 per Share (the "**Offering Price**") and reference is hereby made to the Term Sheet dated August 15, 2024 between the Company and Aegis (the "**Term Sheet**"), which summarizes the terms of the Series AAA Junior Preferred Stock and other terms of the Offering.

The Placement Agent shall accept subscriptions only from persons or entities who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D ("**Regulation D**") as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under Section 4(a)(2) of the Securities Act of 1933, as amended (the "**Securities Act**"). The Shares will be offered until the earlier of (i) the termination of the Offering as provided herein, the time that all Shares offered in the Offering are sold or (ii) September 14, 2024 ("**Initial Offering Period**"), which date may be extended by the Placement Agent and the Company in their joint discretion until such date as agreed upon by the Placement Agent and the Company, not to extend past October 18, 2024, unless otherwise agreed to by the Placement Agent and the Company in writing (this additional period and the Initial Offering Period shall be referred to as the "**Offering Period**"). The date on which the Offering expires or is terminated shall be referred to as the "**Termination Date**."

With respect to the Offering, the Company shall provide the Placement Agent, on terms set forth herein, the right to offer and sell all the Shares being offered. Purchases of Shares may be made by the Placement Agent and its officers, directors, employees and affiliates. The Company, in its sole discretion, may accept or reject, in whole or in part, any prospective investment in the Shares. Notwithstanding anything to the contrary set forth herein, it is understood that no sale shall be regarded as effective unless and until accepted by the Company. The Company and the Placement Agent shall mutually agree with respect to allotting any prospective subscriber less than the number of Shares that such subscriber desires to purchase.

The Offering will be made by the Company solely pursuant to the Subscription Agreement (as defined below), which at all times will be in form and substance reasonably acceptable to the Company, the Placement Agent and their respective counsel and contain such legends and other information as Company, the Placement Agent and their respective counsel, may, from time to time, deem necessary or desirable to be set forth therein. "**Subscription Agreement**" or "**Offering Materials**" as used in this Agreement means that certain form of Subscription Agreement, inclusive of all annexes, exhibits and all amendments, supplements and appendices thereto.

1. Appointment of Placement Agent. On the basis of the representations and warranties provided herein, and subject to the terms and conditions set forth herein, the Placement Agent is appointed exclusive placement agent for the Company during the Offering Period to assist the Company in finding qualified subscribers for the Offering. The Placement Agent shall also have exclusivity, including the retention of sub-placement agents, during the Offering Period with respect to any other securities that the Company desires to offer for capital raise purposes. The Placement Agent may sell Shares through other broker-dealers who are FINRA members, as well as through foreign finders pursuant to applicable FINRA rules, and may reallow all or a portion of the Agent Compensation (as defined in Section 3(b) below) it receives to such other broker-dealers or foreign finders. On the basis of such representations and warranties and subject to such terms and conditions, the Placement Agent hereby accepts such appointment and agrees to perform its services hereunder diligently and in good faith and in a professional and businesslike manner and to use its reasonable efforts to assist the Company in (A) finding subscribers of Shares who qualify as "accredited investors," as such term is defined in Rule 501 of Regulation D, and (B) completing the Offering. The Placement Agent has no obligation to purchase any of the Shares. Unless sooner terminated in accordance with this Agreement, the engagement of the Placement Agent hereunder shall continue until the later of the Termination Date or the Final Closing (as defined below).

2. Representations, Warranties and Covenants of the Company. Except as set forth in the Offering Materials and any SEC Reports (as defined herein) or in the schedule of exceptions delivered to the Placement Agent on the date hereof (the "**Schedule of Exceptions**"), the representations and warranties of the Company contained in this Section 2 are true and correct as of the date of this Agreement.

(a) The Offering Materials have been prepared by the Company in compliance in all material respects with Regulation D and Section 4(a)(2) of the Act and the requirements of all other rules and regulations (the "**Regulations**") relating to offerings of the type contemplated by the Offering, and the applicable securities laws and the rules and regulations of those jurisdictions wherein the Placement Agent notifies the Company that the Shares are to be offered and sold excluding any foreign jurisdictions. The Shares will be offered and sold pursuant to the registration exemptions provided by Regulation D and Section 4(a)(2) of the Act as a transaction not involving a public offering and the requirements of any other applicable state securities laws and the respective rules and regulations thereunder in those United States jurisdictions in which the Placement Agent notifies the Company that the Shares are being offered for sale. None of the Company, or to the Company's Knowledge, its affiliates, or any person acting on its or their behalf (other than the Placement Agent, its affiliates or any person acting on its behalf, in respect of which no representation is made) has taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Rule 506(b) of Regulation D or Section 4(a)(2) of the Act, or knows of any reason why any such exemption would be otherwise unavailable to it. None of the Company, or to the Company's Knowledge, its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failing to comply with Section 503 of Regulation D. Except to the extent of sales made pursuant to agreements with the Placement Agent, the Company has not, for a period of six months prior to the commencement of the offering of Shares, sold, offered for sale or solicited any offer to buy any of its securities in a manner that will be integrated with the offer and sale of the Shares pursuant to this Agreement and will cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Shares pursuant to this Agreement in the United States. For purposes of this Agreement, "to the Company's Knowledge" or similar phrases means the actual knowledge of either of Ann Hand or Clayton Haynes, of a fact or matter after making reasonable inquiry.

(b) The Offering Materials do not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, the foregoing does not apply to any statements or omissions made solely in reliance on and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the preparation thereof. To the Company's Knowledge, none of the statements, documents, certificates or other items made, prepared or supplied by the Company with respect to the transactions contemplated hereby contain an untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances in which they were made; *provided*, *however*, the foregoing does not apply to any statements or omissions made solely in reliance on and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the preparation thereof. There are no facts, circumstances or conditions which the Company has not disclosed in the Offering Materials or timely disclosed in any SEC Report and of which the Company is aware that has had or that could reasonably be expected to have a Company Group Material Adverse Effect (as defined in Section 2(c) below). Notwithstanding anything to the contrary herein, the Company makes no representation or warranty with respect to any estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and other forecasts and plans) that may have been delivered to the Placement Agent or its representatives or that are contained in any of the SEC Reports or Offering Materials, except that such estimates, projections and other forecasts and plans have been prepared in good faith on the basis of assumptions stated therein, which assumptions were believed to be reasonable at the time of such preparation. Any statistical and market-related data included in any SEC Reports or in the Offering Materials are, or were at the time, based on or derived from sources that the Company believes, or believed at such time, after reasonable inquiry, to be reliable and accurate in all material respects and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(c) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware and has the requisite power and authority to own its properties and to carry on its business as described in the Offering Materials and the SEC Reports. Section 2(c) of the Schedule of Exceptions lists each entity owned or controlled, directly or indirectly by the Company (each a "**Subsidiary**" and collectively, the "**Subsidiaries**"). Each Subsidiary is duly incorporated or formed, as applicable, validly existing and in good standing under the laws of the state or foreign jurisdiction of its incorporation or formation, as applicable, as set forth in Section 2(c) of the Schedule of Exceptions. Except as set forth on Section 2(c) of the Schedule of Exceptions, neither the Company nor any Subsidiary (i) owns or controls, directly or indirectly, any interest in any other corporation, association or other business entity or (ii) participates in any joint venture, partnership or similar arrangement. Each Subsidiary has the requisite company power to own, operate and lease its properties and to carry out its business as described in the SEC Reports. Each of the Company and the Subsidiaries (collectively referred to herein as the "**Company Group**") is qualified or licensed to do business in the jurisdictions listed in Section 2(c) of the Schedule of Exceptions, except for any failure to be so qualified or licensed that would not have a Company Group Material Adverse Effect. Each member of the Company Group is qualified or licensed to do business in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of its business makes qualification necessary, except where the failure to be so qualified or licensed would not reasonably be expected to result in a Company Group Material Adverse Effect. No member of the Company Group is in violation of any provision of any of its organizational documents. As used in this Agreement, "**Company Group Material Adverse Effect**" means any event, circumstance, change or effect that, individually or in the aggregate with all other events, circumstances, changes and effects, is or is reasonably likely to be materially adverse to (i) the business, condition (financial or otherwise), assets, prospects, liabilities or results of operations of the Company and its Subsidiaries taken as a whole or (ii) the ability of the Company to consummate the transactions contemplated by this Agreement and to perform its obligations under the Transaction Documents; provided, however, that clause (i) shall not include any event, circumstance, change or effect resulting from (x) failure of the Company to receive the Approvals (as defined below), (y) changes in general economic conditions or changes in securities markets in general that do not have a materially disproportionate effect (relative to other industry participants) on the Company or its Subsidiaries or (z) general changes in the industries in which the Company and the Company Subsidiaries operate, except those events, circumstances, changes or effects that adversely affect the Company and its Subsidiaries to a materially greater extent than they affect other entities operating in such industries.

(d) The Company has all requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Subscription Agreement, the Registration Rights Agreement substantially in the form of Exhibit C to the Subscription Agreement (the "**Registration Rights Agreement**"), the Escrow Agreement (as hereinafter defined), and the other agreements contemplated hereby (this Agreement, the Subscription Agreement, the Registration Rights Agreement, and the other agreements contemplated hereby that the Company is executing and delivering hereunder are collectively referred to herein as the "**Transaction Documents**").

(e) The Shares to be purchased by investors pursuant to the Offering Materials and the Agent Warrants (as defined in Section 3(b)) to be issued to the Placement Agent pursuant to the terms of this Agreement have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be duly and validly issued, fully paid and non-assessable and will have the rights, preferences and priorities set forth in the Company's Certificate of Incorporation (including the Certificate of Designation, as defined below). Subject to the approval by the holders of a majority of the Company's issued and outstanding voting securities of the adjustments to the conversion price set forth in Section 7(a)(ii) of the Certificate of Designation (the "**Conversion Price Adjustments**"), the issuance of certain additional investment rights to purchase a series of preferred stock similar in terms to the Series AAA Junior Preferred Stock, as set forth in Section 6 of the Subscription Agreement (the "**Additional Investment Rights**"), and the potential issuance of more than 20% of the Company's common stock upon the conversion of the Series AAA Preferred due to the Conversion Price Adjustments (collectively, the "**Stockholder Approval**"), the Common Stock issuable upon conversion of the Shares (including, for purposes of this subsection, the Shares that may be purchased pursuant to Additional Investment Rights) and Agent Warrant Shares (as defined in Section 3(b)) (collectively, the "**Conversion Shares**") have been, or will be upon the receipt of the Stockholder Approval, duly authorized and reserved for issuance and when issued by the Company upon valid conversion of the Shares and Agent Warrant Shares, will be, upon the receipt of the Stockholder Approval, duly and validly issued, fully paid and nonassessable. The shares of Common Stock which will be issued as dividends on the Shares as set forth in the Certificate of Designations (collectively, the "**Dividend Shares**") have been duly authorized and reserved for issuance, and when issued by the Company in payment of dividends on the Shares, will be duly and validly issued, fully paid and nonassessable and no further approvals are required to be obtained by the Company with respect to the issuance of the Dividend Shares. The Agent Warrant Shares have been duly authorized and reserved for issuance and when issued by the Company pursuant to the terms of the Agent Warrants, will be duly and validly issued, fully paid and nonassessable. The issuance of the Shares, Conversion Shares, Dividend Shares, Agent Warrants and Agent Warrant Shares are not subject to any preemptive or other similar rights of any securityholder of the Company that have not been waived by such parties, or for which such party's right to elect to participate in this Offering has not expired after being notified by the Company. The capital stock of the Company conforms in all material respects to all statements relating thereto contained in the SEC Reports. No holder of Shares or Agent Warrants will be subject to personal liability solely by reason of being such a holder.

(f) Prior to the initial closing of the Offering (the "**First Closing**"), each of the Transaction Documents (other than this Agreement, which has already been authorized) will have been duly authorized by the Company's Board of Directors. This Agreement has been duly authorized, executed and delivered and constitutes, and each of the other Transaction Documents, upon due execution and delivery, will constitute, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms: (i) except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect related to laws affecting creditors' rights generally, including the effect of statutory and other laws regarding fraudulent conveyances and preferential transfers, and except that no representation is made herein regarding the enforceability of the Company's obligations to provide indemnification and contribution remedies under the securities laws; and (ii) subject to the limitations imposed by general equitable principles (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(g) Except as set forth in the Offering Materials and in the Schedule of Exceptions, neither the execution and the delivery of this Agreement or any Transaction Document, nor the consummation of the transactions contemplated hereby, will (with or without the passage of time or giving of notice): (i) to the Company's Knowledge, violate any injunction, judgment, order, decree, ruling, charge or other restriction, or any Law (as defined below) applicable to any member of the Company Group, (ii) violate any provisions of any of the charter documents of any member of the Company Group, (iii) violate or constitute a default (or any event which, with or without due notice or lapse of time, or both, would constitute a violation or default) under, result in the termination of, accelerate the performance required by any of the material terms, conditions or provisions of any Material Contract (as defined in Section 2(o) below) of any member of the Company Group, or by which any member of the Company Group, or any of its respective operating assets, is bound or (iv) result in the creation of any lien, charge or other encumbrance on the assets or properties of any member of the Company Group. "**Law**" means any applicable federal, national, regional, state, municipal or local law, statute, treaty, rule, regulation, ordinance, order, code, judgment, decree, directive, injunction, writ or similar action or decision.

(h) The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "**SEC Reports**") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. The SEC Reports (i) complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and (ii) none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) The financial statements included in the SEC Reports, together with the related schedules and notes, present fairly, in all material respects, the financial position of the Company and its Subsidiaries, at the dates indicated and its results of operations, stockholders' equity and cash flows for the periods specified; said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods involved (except for any preparation of non-GAAP measures). The supporting schedules, if any, present fairly, in all material respects, in accordance with GAAP the information required to be stated therein. Except as set forth in such financial statements or otherwise disclosed in the Schedule of Exceptions attached hereto, or in the SEC Reports, neither the Company nor any Subsidiary has any known material liabilities of any kind, whether accrued, absolute or contingent, or otherwise.

(j) Since the date of the Company's most recent financial statements contained in the SEC Reports, there has been no Company Group Material Adverse Effect.

(k) As of the date hereof, the Company will have the authorized and outstanding capital stock as described in Section 2(k) of the Schedule of Exceptions. All outstanding shares of capital stock of the Company are duly authorized, validly issued and outstanding, fully paid and non-assessable. Except as described in the SEC Reports, as of the date of the Closing: (i) there will be no outstanding options, stock subscription agreements, warrants or other rights permitting or requiring the Company or others to purchase or acquire any shares of capital stock or other equity securities of the Company or to pay any dividend or make any other distribution in respect thereof; (ii) there will be no securities issued or outstanding which are convertible into or exchangeable for any of the foregoing and there are no contracts, commitments or understandings, whether or not in writing, to issue or grant any such option, warrant, right or convertible or exchangeable security; (iii) except for shares of Common Stock reserved for conversion of the Series AAA Junior Preferred, no shares of stock or other securities of the Company are reserved for issuance for any purpose; (iv) there will be no voting trusts or other contracts, commitments, understandings, arrangements or restrictions of any kind with respect to the ownership, voting or transfer of shares of stock or other securities of Company, including, without limitation, any preemptive rights, rights of first refusal, proxies or similar rights, and (v) no person holds a right to require Company to register any securities of Company under the Act or to participate in any such registration.

(l) The Certificate of Designation of Preferences, Rights, and Limitations of the Series AAA Junior Preferred Stock of the Company (including, for these purposes, each sub-series of such stock), the proposed form of which is attached hereto as Exhibit B to the Subscription Agreement (the "**Certificate of Designation**"), has been duly authorized by the Company and will have been duly executed and delivered by the Company and duly filed with the Secretary of State of the State of Delaware before the Closing. The holders of each subseries of Series AAA Junior Preferred Stock will have the rights set forth in the applicable Certificate of Designation that will be filed with the Secretary of State of the State of Delaware.

(m) The conduct of business by members of the Company Group as presently and proposed to be conducted is not subject to continuing oversight, supervision, regulation or examination by any governmental official or body of the United States, or any other jurisdiction wherein any such members currently conduct such business, except as described in the SEC Reports. Neither the Company, nor any other member of the Company Group has received any notice of any violation of, or noncompliance with, any Law applicable to its business, the violation of, or noncompliance with, which would have or would reasonably be expected to have a Company Group Material Adverse Effect, and the Company knows of no facts or set of circumstances which could give rise to such a notice.

(n) Each member of the Company Group has all franchises, permits, authorizations, licenses, and any similar authority necessary for the conduct of its business as described in the SEC Reports, except as would not, individually or in the aggregate, reasonably be expected to have a Company Group Material Adverse Effect. Except as disclosed in the SEC Reports, no member of the Company Group has received written notice of (i) any pending proceedings which could reasonably be expected to result in the revocation, cancellation, suspension of any adverse modification of any such franchises, permits, authorizations, licenses or other similar authority or (ii) any default under any of such franchises, permits, licenses, authorizations or other similar authority, except as would not, individually or in the aggregate, reasonably be expected to have an Company Group Material Adverse Effect.

(o) Except as disclosed herein, in the Schedule of Exceptions, in the Offering Materials or in the SEC Reports, no breach or default by any member of the Company Group or any other party exists in the due performance under any of the terms of any note, bond, indenture, mortgage, deed of trust, lease, rental agreement, material contract, material purchase or sales order or other material agreement or instrument to which any member of the Company Group is a party or by which it or its property is bound or affected (each of the foregoing, a "**Material Contract**"), and there exists no condition, event or act which constitutes, nor which after notice, the lapse of time or both, could constitute a default under any of the foregoing, except as would not, individually or in the aggregate, has had or is reasonably be expected to have a Company Group Material Adverse Effect. The Material Contracts disclosed in the SEC Reports are in all material respects accurately described and are in full force and effect in accordance with their respective terms, subject to any applicable bankruptcy, insolvency or other laws affecting the rights of creditors generally and to general equitable principles and the availability of specific performance.

(p) The members of the Company Group collectively, solely and exclusively own all right, title and interest in, or possesses enforceable rights to use, all patents, patent applications, trademarks, service marks, copyrights, rights, licenses, franchises, trade secrets, confidential information, processes and formulations necessary for the conduct of its business as now conducted (collectively, the "**Intangibles**"), except where the failure to own or possess such rights would not, individually or in the aggregate, would reasonably be expected to have a Company Group Material Adverse Effect. To the Company's Knowledge, no member of the Company Group has infringed upon the rights of others with respect to the Intangibles and, except as disclosed in the SEC Reports, no member of the Company Group has received any notice that such member has or may have infringed or is infringing upon the rights of others with respect to the Intangibles, nor has such member received any written notice of conflict with the asserted rights of others with respect to the Intangibles. To the Company's Knowledge, all such Intangibles are enforceable and no others have infringed upon the rights of any members of the Company Group with respect to the Intangibles. None of the Company Group's material Intangibles have expired or terminated, or are expected to expire or terminate, within three years from the date of this Agreement. All current and former officers, employees, consultants and independent contractors of each member of the Company Group having access to proprietary information of a member of the Company Group, its customers or business partners and inventions owned by any member of the Company Group have executed and delivered to the applicable member of the Company Group an agreement regarding the protection of such proprietary information. The Company Group has secured, by valid written assignments from all of Company Group's current and former consultants, independent contractors and employees, to the extent such individuals have not breached any covenants, representations, or warranties made to the Company in such assignments, who were involved in, or who contributed to, the creation or development of any Intangibles, unencumbered and unrestricted exclusive ownership of each such third party's Intangibles in their respective contributions, except where the failure to do so would not individually or in the aggregate, reasonably be expected to have a Company Group Material Adverse Effect. No current or former employee, officer, director, consultant or independent contractor of any member of the Company Group has any right, license, claim or interest whatsoever in or with respect to any Intangibles owned by the Company.

(q) Except as set forth in the SEC Reports, no member of the Company Group is a party to any collective bargaining agreement nor does it employ any member of a union. No executive officer of any member of the Company Group has provided written notice that such officer intends to leave the Company Group or otherwise terminate such officer's employment with the Company Group. No executive officer of any member of the Company Group, to the Company's Knowledge, is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer does not subject the Company Group to any material liability with respect to any of the foregoing matters. To the Company's Knowledge, each member of the Company Group is in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Company Group Material Adverse Effect. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the Company's Knowledge, is threatened, and the Company has no knowledge of any existing or imminent labor dispute by the employees of any of its principal suppliers, manufacturers, customers or contractors.

(r) Except (i) as set forth in the SEC Reports, (ii) as may be required under state securities or Blue Sky laws, (iii) as may be required under the Securities Act, the rules and regulations of the Commission under the Securities Act (the "**Securities Act Regulations**"), Exchange Act, the rules and regulations of the SEC under the Exchange Act (the "**Exchange Act Regulations**"), the rules of Nasdaq (the "**Exchange**"), (iv) as set forth in the Schedule of Exceptions, or (v) will have been obtained or made on or prior to the Closing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with any court or governmental authority or other Person on the part of any member of the Company Group is required in connection with the issuance or sale of the Shares or the consummation of the transactions contemplated herein or in the other Transaction Documents.

(s) Subsequent to the respective dates as of which information is given in the Offering Materials or in any SEC Report, each of the members of the Company Group has operated their respective businesses in the ordinary course and, except as may otherwise be set forth in the SEC Reports, there has been no: (i) Company Group Material Adverse Effect; (ii) transaction otherwise than in the ordinary course of business consistent with past practice; (iii) issuance of any securities (debt or equity) or any rights to acquire any such securities other than the AR Facility or pursuant to equity incentive plans approved by its board of directors; (iv) damage, loss or destruction, whether or not covered by insurance, with respect to any asset or property of any members of the Company Group or (v) agreement to permit any of the foregoing.

(t) Except as set forth in the Schedule of Exceptions, the Offering Materials or in any SEC Reports, there are no actions, suits, claims, hearings or proceedings pending before any court or governmental authority or, to the Company's Knowledge, threatened, against any members of the Company Group, or involving its assets or any of its officers or directors (in their capacity as such) which, if determined adversely to such member of the Company Group or such officer or director, could reasonably be expected to have a Company Group Material Adverse Effect. No member of the Company Group is a party or subject to the provisions of any material order, writ, injunction, judgment or decree of any governmental authority that has not been satisfied in full or otherwise discharged.

(u) Except as set forth in the Schedule of Exceptions and the Offering Materials, no member of the Company Group is: (i) in violation of its charter documents, (ii) in violation of any statute, rule or regulation applicable to such member, the violation of which would have or would reasonably be expected to have a Company Group Material Adverse Effect; or (iii) in violation of any judgment, decree or order of any court or governmental body having jurisdiction over such member of the Company Group, which violation or violations individually, or in the aggregate, could reasonably be expected to have a Company Group Material Adverse Effect.

(v) Except as disclosed in any SEC Reports, no director, officer or manager of the Company or any Subsidiary or, to the Company's Knowledge, none of the shareholders of the Company, any interest in any Person which is a competitor, supplier or customer of any member of the Company Group (unless such person is a publicly traded company), (i) owns, directly or indirectly, in whole or in part, any property, asset or right, real, personal or mixed, tangible or intangible (including any of the Intangibles) which is utilized by or in connection with the business of any member of the Company Group, (ii) is a customer of, or supplier to, any member of the Company Group or (iii) directly or indirectly has an interest in or is a party to any Material Contract pertaining or relating to any member of the Company Group. In addition, no director, officer or employee of the Company, nor any affiliate of any such person nor to the Company's Knowledge, no shareholder of the Company, is presently, directly or indirectly through his/her affiliation with any other person or entity, a party to any loan from any member of the Company Group.

(w) Each of the Company and the Subsidiaries has filed, on a timely basis, each federal, state, local and foreign tax return, report and declarations that were required to be filed, or has requested an extension therefor and has paid all taxes and all related assessments, charges, penalties and interest to the extent that the same have become due. There are no unpaid taxes in any material amount claimed in writing to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. Neither the Company nor any Subsidiary has executed any waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. To the Company's Knowledge, none of the Company Group's tax returns is presently being audited by any taxing authority. No liens have been filed and no claims are being asserted by or against any member of the Company Group with respect to any taxes (other than liens for taxes not yet due and payable). The Company has received no notice of assessment or proposed assessment of any taxes claimed to be owed by it or any other Person on its behalf. Except as disclosed any SEC Reports, neither the Company nor any Subsidiary is a party to any tax sharing or tax indemnity agreement or any other agreement of a similar nature that remains in effect. The Company and the Subsidiaries have complied in all material respects with all applicable legal requirements relating to the payment and withholding of taxes and, within the time and in the manner prescribed by law, has withheld from wages, fees and other payments and paid over to the proper governmental or regulatory authorities all amounts required.

(x) Except as otherwise disclosed in any SEC Reports, (i) each member of the Company Group has at all times conducted and currently conducts its business in compliance, in all material respects, with all Environmental Laws (as defined below), including having and complying with all environmental permits, licenses and other approvals and authorizations necessary for the operation of its business as presently conducted, (ii) no member of the Company Group has received any communication from any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company, any of its Subsidiaries or any of their respective properties, assets or operations (each, a "**Governmental Entity**") or any other Person alleging that it may be or was in violation of, or liable under, any Environmental Law, and (iii) there is no claim pending, or to the Company's Knowledge, threatened, against the Company or any member of the Company Group arising under any Environmental Law. For purposes hereof, "**Environmental Law**" means any applicable Federal, state, local or foreign laws, relating to (a) the protection, preservation or restoration of the environment (including, air, water vapor, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource) or (b) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of, Hazardous Substances, in each case as amended and as in effect on the date hereof. "**Hazardous Substance**" means any substance listed, defined, designated or classified as hazardous, toxic, radioactive, or dangerous, or otherwise regulated, under any Environmental Law. Hazardous Substance includes any substance for which exposure is regulated by any Governmental Entity or any Environmental Law including, but not limited to, any toxic waste, pollutant, contaminant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or any derivative or by-product thereof, radon, radioactive material, asbestos, or asbestos containing material, urea formaldehyde foam insulation, lead or polychlorinated biphenyls.

(y) Except as disclosed in any SEC Reports, neither the Company nor any Subsidiary owns any real property. Each of the Company and the Subsidiaries has good and marketable title to all personal property and assets reflected as owned by it in the financial statements referred to in Section 2(h) above and which are material to the business of the Company or such Subsidiary, in each case free and clear of any security interests, mortgages, liens, encumbrances, claims and other defects, except as may be required under the AR Facility or such as do not materially and adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property. The real property, improvements, equipment and personal property held under lease by each of the Company and the Subsidiaries are held under valid and enforceable leases, with such exceptions as are not material, and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property. With respect to the property and assets leased, each member of the Company Group is in compliance with such leases, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Company Group Material Adverse Effect.

(z) Each member of the Company Group and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company, the Subsidiaries or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company or a Subsidiary, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company or such Subsidiary is a member. Each "employee benefit plan" established or maintained by the Company, its Subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

(aa) Neither the Company, any Subsidiary, nor, to the Company's Knowledge, any director, officer, agent, employee or other Person acting on behalf of any of such entities has, in the course of its actions for, or on behalf of, the Company or any Subsidiary has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "**FCPA**"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company, its Subsidiaries and, to the Company's Knowledge, its and their respective affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(bb) The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**"); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(cc) Neither the Company, any of its Subsidiaries nor, to the Company's Knowledge, its or their respective directors, officers, agents, employees or affiliates are currently the subject of sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority applicable to the Company and its Subsidiaries (collectively, "**Sanctions**"), nor is the Company or any of its Subsidiaries located, organized or resident in a country or territory that is the subject of Sanctions; and the Company does not intend to, directly or indirectly, use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiaries, joint venture partners or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, purchaser or otherwise) of Sanctions.

(dd) Except as disclosed to the Placement Agent in writing, no member of the Company Group is obligated to pay, and has not obligated the Placement Agent to pay, a finder's or origination fee in connection with the Offering (other than to the Placement Agent or any sub-placement agents), and the Company hereby agrees to indemnify the Placement Agent from any such claim made by any other person not approved by the Placement Agent, as more fully set forth in Section 8 hereof. Except as disclosed to the Placement Agent, the Company has not offered for sale or solicited offers to purchase the Shares except for negotiations with the Placement Agent. The Placement Agent acknowledges that the disclosure in any future SEC Reports of this Agreement shall not represent a breach of any representation or warranty so long as Placement Agent's identity is removed from such disclosures.

(ee) Except as described in any SEC Reports, the Company maintains an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

(ff) Except as described in any SEC Reports, the Company maintains effective internal control over financial reporting (as defined under Rule 13a-15 and 15d-15 of the Exchange Act Regulations) and a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in any SEC Reports, since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(gg) Each of the Company and the Subsidiaries is insured by recognized, financially sound and reputable institutions with policies in such amounts and with such deductibles and covering such risks as are prudent and customary in the business in which it is engaged, including directors and officers' liability.

(hh) The Company's Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act and is listed on the Exchange; the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Exchange; except as set forth in any SEC Reports, the Company has not received any notice that it is out of compliance with the listing or maintenance requirements of the Exchange and the Company is, and will continue to be, in material compliance with all such listing and maintenance requirements; and the Company has not received any notification that the SEC or the Exchange is contemplating terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Exchange.

(ii) The Company, and all Company Related Persons (as defined below) are not subject to any of the disqualifications set forth in Rule 506(d) of Regulation D (each a "**Disqualification Event**"). The Company has exercised reasonable care to determine whether any Company Related Person is subject to a Disqualification Event. The SEC Reports contains a true and complete description of the matters required to be disclosed with respect to the Company and the Company Related Persons pursuant to the disclosure requirements of Rule 506(e) of Regulation D, to the extent applicable. As used herein, "**Company Related Persons**" means any predecessor of the Company, any affiliated Company, any director, executive officer, other officer of the Company participating in the Offering, any general partner or managing member of the Company, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, and any "promoter" (as defined in Rule 405 under the Act) connected with the Company in any capacity. The Company agrees to promptly notify the Placement Agent in writing of (i) any Disqualification Event relating to any Company Related Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Company Related Person.

(jj) No representation or warranty by the Company contained in Section 2 of this Agreement and no statement by the Company contained in the Schedule of Exceptions to this Agreement contains any material untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which they are made, not misleading.

(kk) Until the earlier of (i) the Termination Date and (ii) the Final Closing, the Company will not issue any press release, grant any interview, or otherwise communicate with the media in any manner whatsoever with respect to the Offering without the Placement Agent's prior consent, which consent will not unreasonably be withheld, delayed or conditioned; *provided*, *however*, the Company shall in no way be liable to Placement Agent, or otherwise be determined to be in breach of this Agreement, in the event the Company files any report that may potentially be determined to be a communication regarding, or with respect to, the Offering, if such report is required to be filed by Law, and the Company provided Placement Agent an opportunity to comment on such report at least six (6) hours prior to the deadline for the filing of such report.

2A. Representations, Warranties and Covenants of Placement Agent. The Placement Agent represents and warrants to Company that the following representations and warranties are true and correct as of the date of this Agreement:

(a) Aegis is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and has all requisite corporate power and authority to enter into this Agreement and to carry out and perform its obligations under the terms of this Agreement.

(b) This Agreement has been duly authorized, executed and delivered by the Placement Agent, and upon due execution and delivery by the Company, this Agreement will be a valid and binding agreement of the Placement Agent enforceable against it in accordance with its terms, except as may be limited by principles of public policy and, as to enforceability, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditor's rights from time to time in effect and subject to general equity principles.

(c) The Placement Agent is a member in good standing of FINRA and is registered as a broker-dealer under the Exchange Act, and under the securities acts of each state into which it is making offers or sales of the Shares. The Placement Agent is in compliance with all applicable rules and regulations of the SEC and FINRA, except to the extent that such noncompliance would not have a material adverse effect on the transactions contemplated hereby. None of the Placement Agent or its affiliates, or any person acting on behalf of the foregoing (other than Company or its affiliates or any person acting on its or their behalf, in respect of which no representation is made) has taken nor will it take any action that conflicts with the conditions and requirements of, or that would make unavailable with respect to the Offering, the exemption(s) from registration available pursuant to Rule 506 of Regulation D or Section 4(a)(2) of the Act, or knows of any reason why any such exemption would be otherwise unavailable to it.

(d) None of the execution and delivery of or performance by the Placement Agent under this Agreement or any other agreement or document entered into by the Placement Agent in connection herewith or the consummation of the transactions herein or therein contemplated conflicts with or violates, any agreement or other instrument to which the Placement Agent is a party or by which its assets may be bound, or any term of its certificate of incorporation or by-laws, or any license, permit, judgment, decree, order, statute, rule or regulation applicable to Placement Agent or any of its assets, except in each case as would not have a material adverse effect on the transactions contemplated hereby.

(e) Neither Placement Agent nor any Placement Agent Related Persons (as defined below) are subject to any Disqualification Event. Placement Agent has exercised reasonable care to determine whether any Placement Agent Related Person is subject to a Disqualification Event. The Offering Materials contain a true and complete description of the matters required to be disclosed with respect to Placement Agent and Placement Agent Related Persons pursuant to the disclosure requirements of Rule 506(e) of Regulation D, to the extent applicable. As used herein, "**Placement Agent Related Persons**" means any director, general partner, managing member, executive officer, or other officer of Placement Agent participating in the Offering. Placement Agent agrees to promptly notify the Company in writing of (i) any Disqualification Event relating to any Placement Agent Related Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Placement Agent Related Person.

3. Placement Agent Compensation.

(a) In connection with the Offering, the Company will pay at Closing (as defined in Section 4(e) below) a cash fee (the "**Agent Cash Fee**") to the Placement Agent equal to 10% of the gross cash proceeds from the sale of the Shares consummated at such Closing. For the avoidance of doubt, the consummation of the sale of Shares pursuant to the Additional Investment Rights will be considered a "Closing" for purposes of payment of the Agent Cash Fee.

(b) As additional compensation, at or within ten (10) business days following the Final Closing, the Company will issue to the Placement Agent (or its designee(s)) for nominal consideration, a five-year warrants (the "**Agent Warrants**") to purchase such number of shares of the Company's common stock as is equal to 14.5% of the shares of Common Stock initially issuable upon conversion of the Shares sold at the Closing and pursuant to the Shares issued pursuant to the Additional Investment Rights as described in the Offering Materials (the "**Agent Warrant Shares**"), at an exercise price equal to the Conversion Price of the Shares issued at such closing or the time of purchase of shares pursuant to the Additional Investment Right (the Agent Cash Fee and Agent Warrants are sometimes referred to herein collectively as "**Agent Compensation**"). The Agent Warrants will be exercisable on a "cashless" basis and for the five-year period following issuance and shall be afforded comparable price protections as the Shares. The Agent Warrants will be in such authorized denominations and will be registered in such names as the Placement Agent shall request in an instruction letter (the "**Agent Warrant Instruction Letter**") to be delivered to the Company promptly following the Final Closing and the Company shall deliver such Agent Warrants to the Placement Agent within ten (10) business days following the delivery of the Agent Warrant Instruction Letter. For the avoidance of doubt, the consummation of the sale of Shares pursuant to the Additional Investment Rights will be considered a "Closing" for purposes of payment of the Agent Warrants.

(c) At Closing, the Company will pay Aegis a non-accountable expense allowance equal to 2% of the aggregate purchase price of the Shares sold at such Closing (the "**Agent Expense Allowance**"). The Placement Agent will not bear any of the Company's legal, accounting, printing or other expenses in connection with any transaction contemplated hereby. Aegis will pay for its own expenses, including all its legal fees and expenses, from the Agent Expense Allowance.

(d) The Company shall also pay and issue to the Placement Agent the Agent Compensation calculated according to the percentages set forth in Sections 3(a) and (b) of this Agreement, if any person or entity (i) contacted by the Placement Agent and provided with Offering Materials during the Offering Period and with whom the Placement Agent has discussions regarding a potential investment in the Offering or (ii) who was previously introduced to the Company in connection with prior securities offerings of the Company and who purchased securities in such prior offerings, invests in the Company (other than through open or public market purchases or securities purchased in any underwritten public offering) and irrespective of whether such potential investor purchased Shares in the Offering (the "**Tail Investors**") at any time prior to the earlier of the date that is twelve (12) months after the Termination Date or the Final Closing ("**Tail Period**"), whichever is applicable. The names of Tail Investors shall be provided in writing by the Placement Agent to the Company upon written request following the Termination Date or the Final Closing, as the case may be (the "**Tail Investor List**"). The Company acknowledges and agrees that the Tail Investor List is proprietary to the Placement Agent, shall be maintained in strict confidence by the Company and those persons/entities on such list shall not be contacted by the Company without the Placement Agent's prior written consent; provided, however, that such restrictions shall not apply to ordinary course shareholder communications by the Company to its shareholders, including those Tail Investors that are shareholders of the Company. In the event the Placement Agent exercises its right of first refusal with respect to an offering pursuant to the provisions of Section 3(e) below, the specific compensation terms to the Placement Agent that are negotiated in such offering shall govern and the provisions of this Section 3(d) will not be operative with respect to such offering.

(e) Reference is made to Section 3(f) of the Placement Agency Agreement, dated October 12, 2022, by and between the Placement Agent and the Company. Subject to the terms and conditions contained therein, the Company confirms the minimum sales requirement of $10,000,000 in such provision has been satisfied and the PA Director (as defined in such agreement) once identified by Aegis and communicated to the Company will, so long as such PA Director meets the requirements set forth therein, be nominated to serve on the Board of Directors of the Company and reflected in the proxy statement for the 2024 Annual Meeting of Shareholders of the Company.

4. Subscription and Closing Procedures.

(a) The Company shall cause to be delivered to the Placement Agent copies of the Offering Materials, consents to the use of such copies for the purposes permitted by the Act and applicable securities laws and in accordance with the terms and conditions of this Agreement, and hereby authorizes Placement Agent and its agents and employees to use the Offering Materials in connection with the offering of the Shares until the earlier of (i) the Termination Date or (ii) the Final Closing. No person or entity is or will be authorized to give any information or make any representations other than those contained in the Offering Materials or to use any offering materials other than those contained in the Offering Materials in connection with the sale of the Shares.

(b) During the Offering Period, the Company shall make available to the Placement Agent and its representatives such information as may be reasonably requested in making a reasonable investigation of the Company Group and their respective affairs and shall provide access to such employees during normal business hours as shall be reasonably requested by the Placement Agent.

(c) Each prospective purchaser will be required to complete and execute an original signature pages to the Subscription Agreement (the "**Subscription Documents**"), which will be forwarded or delivered to the Placement Agent at the Placement Agent's offices at the address set forth in Section 12 hereof, together with the subscriber's wire transfer in the full amount of the purchase price for the number of Shares desired to be purchased, subject to the Escrow Agent's (as defined below) right to accept a check in lieu of a wire transfer.

(d) All funds for subscriptions received by the Placement Agent from the Offering (not otherwise wired directly to the Escrow Agent) will be promptly forwarded by the Placement Agent and deposited into a non-interest-bearing escrow account (the "**Escrow Account**") established for such purpose with Continental Stock Transfer & Trust Company (the "**Escrow Agent**"). All such funds for subscriptions will be held in the Escrow Account pursuant to the terms of an escrow agreement among the Company, the Placement Agent and the Escrow Agent (the "**Escrow Agreement**"). The Company will pay all fees related to the establishment and maintenance of the Escrow Account and comply with procedures required by the Escrow Agent. The Company will either accept or reject, for any or no reason, the Subscription Documents in a timely fashion and at Closing, the Company will countersign the Subscription Documents and provide duplicate copies of such documents to the Placement Agent for distribution to the subscribers. The Placement Agent, on the Company's behalf, will promptly return to subscribers incomplete, improperly completed, improperly executed and rejected subscriptions.

(e) If subscriptions for at least the Minimum Amount have been accepted prior to the Termination Date, the funds therefor have been collected by the Escrow Agent and all the conditions set forth elsewhere in this Agreement are fulfilled, the First Closing shall be held promptly with respect to Shares sold. Thereafter and assuming the Company agrees, remaining Shares will continue to be offered and sold until the Termination Date and additional closings (each a "**Closing**") may from time to time be conducted at times mutually agreed to by the Placement Agent and the Company with respect to additional Shares sold, with the final closing ("**Final Closing**") to occur within ten (10) days after the earlier of the Termination Date and the date on which the all Shares has been fully subscribed for. Delivery of payment for the accepted subscriptions for Shares from funds held in the Escrow Account will be made at each Closing against delivery of the Shares by the Company. The Shares will be issued to the investors in the Offering in book entry format at each Closing.

(f) If Subscription Documents for at least the Minimum Amount have not been received and accepted by the Company on or before the Termination Date for any reason, the Offering will be terminated, no Shares will be sold, and pursuant to the terms of the Escrow Agreement, the Escrow Agent will, at the Company's and the Placement Agent's written direction, cause all monies received from subscribers for the Shares to be promptly returned to such subscribers without interest, penalty, expense or deduction and the Placement Agent and Company will promptly cooperate to accomplish the foregoing, including providing Escrow Agent with any requested written instructions in such regard.

5. Further Covenants. The Company hereby covenants and agrees that:

(a) Except upon prior written notice to the Placement Agent, the Company shall not, at any time prior to the Final Closing, knowingly take any action which would cause any of the representations and warranties made by it in this Agreement not to be complete and correct in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of each such date (except to the extent any representation or warranty relates to an earlier date).

(b) If, at any time prior to the Final Closing, any event shall occur that causes a Company Group Material Adverse Effect or otherwise which as a result it becomes necessary to amend or supplement any of the Offering Materials so that the representations and warranties herein remain true and correct in all material respects, or in case it shall be necessary to amend or supplement any of the Offering Materials to comply with Regulation D or any other applicable securities laws or regulations, the Company will promptly notify the Placement Agent and shall, at its sole cost, prepare and furnish to the Placement Agent copies of appropriate amendments and/or supplements in such quantities as the Placement Agent may reasonably request for delivery by the Placement Agent to potential subscribers. The Company will not at any time before the Final Closing prepare or use any amendment or supplement to the Offering Materials of which the Placement Agent will not previously have been advised and furnished with a copy, or which is not in compliance in all material respects with the Act and other applicable securities laws. As soon as the Company is advised thereof, the Company will advise the Placement Agent and its counsel, and confirm the advice in writing, of any order preventing or suspending the use of the Offering Materials, or the suspension of any exemption for such qualification or registration thereof for offering in any jurisdiction, or of the institution or threatened institution of any proceedings for any of such purposes, and the Company will use its reasonable best efforts to prevent the issuance of any such order and, if issued, to obtain as soon as reasonably possible the lifting thereof.

(c) The Company shall comply with the Act, the Exchange Act and the rules and regulations thereunder, all applicable state securities laws and the rules and regulations thereunder in the states in which the Company's blue sky counsel has advised the Placement Agent that the Shares are qualified or registered for sale or exempt from such qualification or registration, so as to permit the continuance of the sales of the Shares, and will file or cause to be filed with the SEC, and shall promptly thereafter forward or cause to be forwarded to the Placement Agent, any and all reports on Form D as are required.

(d) The Company shall use its best efforts to qualify the Shares for sale under the securities laws of such jurisdictions in the United States as may be mutually agreed to by the Company and the Placement Agent, and Company will make or cause to be made such applications and furnish information as may be required for such purposes, provided that Company will not be required to qualify as a foreign corporation in any jurisdiction or execute a general consent to service of process. The Company will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualifications in effect for so long a period as the Placement Agent may reasonably request with respect to the Offering.

(e) The Company shall place a legend on the certificates representing the Shares and the Agent Warrants that the securities evidenced thereby have not been registered under the Act or applicable state securities laws, setting forth or referring to the applicable restrictions on transferability and sale of such securities under the Act and applicable state laws.

(f) The Company shall apply the net proceeds from the sale of the Shares for the purposes substantially as described in the Offering Materials. The Company shall not use any of the net proceeds of the Offering to repay indebtedness to officers (other than accrued salaries incurred in the ordinary course of business), directors or shareholders of the Company without the prior written consent of the Placement Agent.

(g) During the Offering Period, the Company shall afford each prospective purchaser of Shares the opportunity to ask questions of and receive answers from an officer of the Company concerning the terms and conditions of the Offering and the opportunity to obtain such other additional information necessary to verify the accuracy of the Offering Materials to the extent the Company possesses such information or can acquire it without unreasonable expense. In addition, to the extent that any purchaser of Shares has inquiries concerning any of the business or operations of any member of the Company Group, the Company shall use reasonable best efforts to ensure that officers of such members are made available to respond to such inquiries.

(h) Except upon obtaining the prior written consent of Aegis, which consent shall not be unreasonably withheld, the Company shall not, at any time prior to the earlier of the Final Closing or the Termination Date, except as contemplated by the Offering Materials (i) engage in or commit to engage in any transaction outside the ordinary course of business, (ii) issue, agree to issue or set aside for issuance any securities (debt or equity) or any rights to acquire any such securities; provided, however, that the Company shall be permitted to issue stock options and/or restricted stock to officers, advisors, directors and employees of the Company pursuant to its existing equity incentive plan as described in the SEC Reports, (ii) incur, outside of the ordinary course of business, any material indebtedness, (iii) dispose of any material assets, (iv) make any acquisition (except to the extent specifically referenced in the Offering Materials) or (v) change its business or operations.

(i) The Company shall pay all reasonable expenses incurred in connection with the preparation and printing of all necessary offering documents and instruments related to the Offering and the issuance of the Shares and the Agent Warrants and will also pay its own expenses for accounting fees, legal fees and other costs involved with the Offering. All blue sky filings related to this Offering shall be prepared by the Company's counsel, at the Company's expense, with copies of all filings to be promptly forwarded to the Placement Agent. Further, as promptly as practicable after the Final Closing, the Company shall prepare, at its own expense, an electronic "closing binder" relating to the Offering and will distribute one such binder to each of the Placement Agent and its counsel.

(j) During the Offering Period, the Company will not, nor shall it authorize any person or entity acting on its behalf to (i) enter into any letter of intent or definitive agreement with any other placement agent or underwriter with respect to a private or public offering of the Company's debt or equity securities, or (ii) enter into any definitive agreement regarding any merger, combination divestiture, joint venture, sale or acquisition agreement in whatever form. The Company will keep Placement Agent promptly advised with respect to any negotiations regarding any (i) a private or public offering of the Company's debt or equity securities or (ii) merger, combination divestiture, joint venture, sale or acquisition agreement in whatever form.

(k) Immediately prior to or promptly following the Closing, the Company will use its best efforts to take all reasonable actions necessary to obtain the Stockholder Approval (as described above and in the Term Sheet) including adding same as matters to be voted on at the next annual meeting of the Company's Stockholders to be held in October 2024 or promptly thereafter.

(l) Prior to the First Closing, the Company shall provide notices to certain holders of those rights issued pursuant to Section 6 of those certain subscription agreements (the "*Additional Investment Rights*"), (a) dated between April 19, 2023 and May 26, 2023 (the "*Prior Subscription Agreements*"), executed in connection with the offer and sale by the Company of its Series AA Convertible Preferred Stock (inclusive of all subseries thereof) (the "*Series AA Financing*"), confirming: (i) the extension of the period for which such Additional Investment Rights can be exercised from November 26, 2024, to May 26, 2025: and (ii) adjusting the conversion prices of such Additional Investment Rights to the respective Conversion Price Floor (as defined in the Prior Subscription Agreements) and (b) dated between November 30, 2023 and December 22, 2023 (the "*Prior AAA Subscription Agreements*"), executed in connection with the offer and sale by the Company of its Series AAA Convertible Preferred Stock (inclusive of all subseries thereof) (the "*Series AAA Financing*"), confirming: (i) the extension of the period for which such Additional Investment Rights can be exercised from June 22, 2025 to September 22, 2025.

5A. Placement Agent Further Covenants. The Placement Agent shall not, at any time during the Offering Period, knowingly take any action which would cause any of the representations and warranties made by it in this Agreement not to be complete and correct in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of each such date (except to the extent any representation or warranty relates to an earlier date). Offers and sales of the Shares by the Placement Agent will be made in accordance with this Agreement and in compliance with the provisions of Regulation D, Regulation S, if applicable, and the Securities Act.

6. Conditions of Placement Agent's Obligations. The obligations of the Placement Agent hereunder to effect a Closing are subject to the fulfillment, at or before Closing, of the following additional conditions:

(a) Each of the representations and warranties made in this Agreement by the Company qualified as to materiality shall be true and correct at all times prior to and on the Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and the representations and warranties made by the Company not qualified as to materiality shall be true and correct in all material respects at all times prior to and on the Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date.

(b) The Company shall have performed and complied in all material respects with all agreements, covenants and conditions required to be performed and complied with by the Company at or before each Closing.

(c) Neither the SEC Reports nor the Offering Materials shall, and as of the date of any amendment or supplement thereto will, include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Company shall have obtained all consents, waivers and approvals required to be obtained by such parties in connection with the consummation of the transactions contemplated hereby.

(e) No order suspending or enjoining the Offering or sale of the Shares shall have been issued, and no proceedings for that purpose or a similar purpose shall have been initiated or pending, or, to the Company's knowledge, threatened.

(f) The Placement Agent shall have received a certificate of an officer of the Company, dated as of the date of such Closing, certifying, as to the fulfillment of the conditions set forth in subparagraphs (a), (b), (c), (d) and (e) above.

(g) Prior to each Closing, the Company shall have delivered to the Placement Agent: (i) a certified charter document and good standing certificate for the Company and each Subsidiary, each dated as of a date within ten (10) days prior to the Closing from the secretary of state of its jurisdiction of incorporation or formation, as applicable, and (ii) resolutions of the Company's board of directors approving this Agreement and the transactions and agreements contemplated by this Agreement, certified by the Chief Executive Officer of the Company.

(h) At each Closing, the Company shall pay and/or issue to the Placement Agent the Agent Cash Fee and Agent Expense Allowance earned in such Closing. Promptly following the Final Closing, the Placement Agent shall provide the Company with instructions with respect to the issuance of the Agent Warrants and the Company shall promptly issue said Agent Warrants and deliver same to the Placement Agent.

(i) At each Closing, the Company shall deliver to the Placement Agent a signed opinion of Disclosure Law Group, counsel to the Company, dated as of each such Closing Date, substantially in the form annexed hereto as Exhibit A.

(j) Prior to each Closing, the Company shall provide evidence of the filing of the Certificate of Designation of the Series AAA Junior Preferred Stock with the State of Delaware covering the Shares issued at such Closing.

(k) All proceedings taken at or prior to a Closing in connection with the authorization, issuance and sale of the Shares will be reasonably satisfactory in form and substance to the Placement Agent and its counsel, and such counsel shall have been furnished with all such documents and certificates as it may reasonably request upon reasonable prior notice in connection with the transactions contemplated hereby.

(l) At each Closing, the Company shall provide irrevocable instructions to its transfer agent to issue into treasury shares, and reserve for future and automatic issuance upon the requested conversion of the Shares by any holder, such number of shares of Common Stock issuable upon the conversion of the Shares sold in such Closing.

7. Conditions of Company's Obligations. The obligations of the Company hereunder to effect a Closing are subject to the fulfillment, at or before such Closing, of the following additional conditions or subject to the waiver of such condition or conditions by the Company:

(a) Each of the representations and warranties made in this Agreement by the Placement Agent qualified as to materiality shall be true and correct at all times prior to and on the Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date, and the representations and warranties made by the Placement Agent not qualified as to materiality shall be true and correct in all material respects at all times prior to and on the Closing Date, except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date.

(b) The Placement Agent shall have performed and complied in all material respects with all agreements, covenants and conditions required to be performed and complied with by it at or before the Closing.

(c) The Company shall have received a certificate of an officer of the Placement Agent, dated as of the Closing Date, certifying, as to the fulfillment of the conditions set forth in subparagraphs (a) and (b) above.

(d) No order suspending or enjoining the Offering or sale of the Shares shall have been issued, and no proceedings for that purpose or a similar purpose shall have been initiated or pending, or, to the Company's knowledge, be contemplated or threatened.

8. Indemnification.

(a) The Company will: (i) indemnify and hold harmless the Placement Agent, its officers, directors, partners, employees, agents (including subagents and selected dealers) and each person, if any, who controls the Placement Agent within the meaning of the Section 15 of the Act or Section 20(a) of the Exchange Act (each an "**Indemnitee**") against, and pay or reimburse each Indemnitee for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which will, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals), to which any Indemnitee may become subject under the Act or otherwise, in connection with the offer and sale of the Shares, insofar as such losses, claims, damages, liabilities or expenses arise out of or relate to a breach of any representation, warranty or covenant made by the Company herein, regardless of whether such losses, claims, damages, liabilities or expenses shall result from any claim by any Indemnitee or by any third party; and (ii) reimburse each Indemnitee for any legal or other expenses reasonably and actually incurred in connection with investigating or defending against any such loss, claim, action, proceeding or investigation; *provided*, *however*, that the Company will not be liable in any such case to the extent that any such claim, damage or liability is finally judicially determined to have resulted primarily and directly from (A) an untrue statement or alleged untrue statement of a material fact made in the Offering Materials, or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, made solely in reliance upon and in conformity with written information furnished to the Company by the Placement Agent specifically for use in the Offering Materials, (B) any violations by the Placement Agent of the Act, state securities laws or any rules or regulations of FINRA, which does not result from a violation thereof by the Company or any of its affiliates, or (C) the Placement Agent's willful misconduct or gross negligence. In addition to the foregoing agreement to indemnify and reimburse, the Company will indemnify and hold harmless each Indemnitee against any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which shall, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals) to which any Indemnitee may become subject insofar as such costs, expenses, losses, claims, damages or liabilities arise out of or are based upon the claim of any person or entity that he or it is entitled to broker's or finder's fees from any Indemnitee in connection with the Offering, other than fees due to the Placement Agent. The foregoing indemnity agreements will be in addition to any liability the Company may otherwise have.

(b) Aegis will indemnify and hold harmless the Company and its officers, directors, and each person, if any, who controls such entity within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act against, and pay or reimburse any such person for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions, proceedings or investigations in respect thereof) to which the Company or any such person may become subject under the Act or otherwise, whether such losses, claims, damages, liabilities or expenses shall result from any claim of the Company or by any third party, but only to the extent that such losses, claims, damages or liabilities are finally judicially determined to have resulted primarily from or as a result of (i) any untrue statement or alleged untrue statement of any material fact contained in the Offering Materials made in reliance upon and in conformity with information contained in the Offering Materials relating to the Placement Agent, or an omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in either case, if made or omitted in reliance upon and in conformity with written information furnished to the Company by the Placement Agent, specifically for use in the Offering Materials or (ii) any violations by the Placement Agent of the Act or state securities laws which does not result from a violation thereof by the Issuer, the Operating Company or any of their respective affiliates, the Placement Agent's willful misconduct or gross negligence. The Placement Agent will reimburse the Company, and any such person for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, damage, liability or action, proceeding or investigation to which such indemnity obligation applies. The foregoing indemnity agreements are in addition to any liability which the Placement Agent may otherwise have. Notwithstanding the foregoing, in no event shall the Placement Agent's indemnification obligation hereunder exceed the aggregate amount of the Agent Cash Fees received by the Placement Agent hereunder.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, claim, proceeding or investigation (the "**Action**"), such indemnified party, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, will notify the indemnifying party of the commencement thereof, but the omission to so notify the indemnifying party will not relieve it from any liability that it may have to any indemnified party under this Section 8 unless the indemnifying party has been substantially prejudiced by such omission. The indemnifying party will be entitled to participate in and, to the extent that it may wish, jointly with any other indemnifying party, to assume the defense thereof subject to the provisions herein stated, with counsel reasonably satisfactory to such indemnified party. The indemnified party will have the right to employ separate counsel in any such Action and to participate in the defense thereof, but the fees and expenses of such counsel will not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the Action with counsel reasonably satisfactory to the indemnified party, *provided*, *however*, that if the indemnified party shall be requested by the indemnifying party to participate in the defense thereof or shall have concluded in good faith and specifically notified the indemnifying party either that there may be specific defenses available to it that are different from or additional to those available to the indemnifying party or that such Action involves or could have a material adverse effect upon it with respect to matters beyond the scope of the indemnity agreements contained in this Agreement, then the counsel representing it, to the extent made necessary by such defenses, shall have the right to direct such defenses of such Action on its behalf and in such case the reasonable fees and expenses of such counsel in connection with any such participation or defenses shall be paid by the indemnifying party. No settlement of any Action against an indemnified party will be made without the consent of the indemnifying party and the indemnified party, which consent shall not be unreasonably withheld, delayed or conditioned in light of all factors of importance to such party, and no indemnifying party shall be liable to indemnify any person for any settlement of any such claim effected without such indemnifying party's consent.

9. Contribution. To provide for just and equitable contribution, if: (i) an indemnified party makes a claim for indemnification pursuant to Section 8 hereof and it is finally determined, by a judgment, order or decree not subject to further appeal that such claims for indemnification may not be enforced, even though this Agreement expressly provides for indemnification in such case; or (ii) any indemnified or indemnifying party seeks contribution under the Act, the Exchange Act, or otherwise, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Placement Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Placement Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering (before deducting expenses) received by the Company bear to the total Agent Cash Fees received by the Placement Agent. The relative fault, in the case of an untrue statement, alleged untrue statement, omission or alleged omission will be determined by, among other things, whether such statement, alleged statement, omission or alleged omission relates to information supplied by the Company or by the Placement Agent, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, alleged statement, omission or alleged omission. The Company and the Placement Agent agree that it would be unjust and inequitable if the respective obligations of the Company and the Placement Agent for contribution were determined by *pro rata* allocation of the aggregate losses, liabilities, claims, damages and expenses or by any other method or allocation that does not reflect the equitable considerations referred to in this Section 9. No person guilty of a fraudulent misrepresentation (within the meaning of Section 10(f) of the Act) will be entitled to contribution from any person who is not guilty of such fraudulent misrepresentation. For purposes of this Section 9, each person, if any, who controls the Placement Agent within the meaning of the Act will have the same rights to contribution as the Placement Agent, and each person, if any, who controls the Company within the meaning of the Act will have the same rights to contribution as the Company, subject in each case to the provisions of this Section 9. Anything in this Section 9 to the contrary notwithstanding, no party will be liable for contribution with respect to the settlement of any claim or action effected without its written consent. This Section 9 is intended to supersede, to the extent permitted by law, any right to contribution under the Act, the Exchange Act or otherwise available.

10. Termination.

(a) The Offering may be terminated by the Placement Agent at any time prior to the expiration of the Offering Period in the event that: (i) any of the representations, warranties or covenants of the Company contained herein or in any of the Offering Materials shall prove to have been false or misleading in any material respect when actually made; (ii) the Company shall have failed to perform any of its material obligations hereunder or under any other Transaction Documents; (iii) there shall occur any event that could reasonably be expected to result in a Company Group Material Adverse Effect or (iv) either party hereto determines that it is reasonably likely that any of the conditions to Closing set forth herein will not, or cannot, be satisfied. In the event of any such termination by the Placement Agent pursuant to the above, the Placement Agent shall be entitled to retain any Agent Compensation already earned (if any, at such point in time) and receive from the Company, within five (5) business days of the Termination Date, in addition to other rights and remedies it may have hereunder, at law or otherwise, an amount equal the sum of upon presentation of a written accounting in reasonable detail, reimbursement of Placement Agent's reasonable and actual out-of-pocket expenses related to the Offering in excess of the foregoing retainer, including but not limited to fees and expenses of its legal counsel (not to exceed $25,000), travel expenses and due diligence related expenditures (collectively, the "**PA Expense Reimbursement**") and the provisions of Sections 3(d), 3(e) and 3(f) shall survive in full force and effect.

(b) This Offering may be terminated by the Company at any time prior to the expiration of the Offering Period on account of the Placement Agent's fraud, willful misconduct or gross negligence. In the event of any such termination pursuant to this Section 10(b), the Placement Agent shall not be entitled to any further compensation pursuant to these termination provisions.

(c) This Offering may be unilaterally terminated by the Company at any time prior to the expiration of the Offering Period for any or no reason. In the event the Company unilaterally decides for any reason (other than pursuant to Sections 10(b)), to terminate the Offering at any time prior to the earlier of the First Closing or the Termination Date (the "**Unilateral Termination**"), the Placement Agent shall be entitled to receive from the Company within five (5) business days of such termination the sum of $75,000 plus the PA Expense Reimbursement.

(d) If the Offering is terminated or expires due to the failure to close the Minimum Amount on or before the Termination Date as detailed in in Section 4(f) hereto, the Company's sole obligation to the Placement Agent shall be the PA Expense Reimbursement which shall be paid within five (5) business days of such termination/expiration.

(e) This Offering may be terminated upon mutual agreement of the Company and the Placement Agent, at any time prior to the expiration of the Offering Period. In addition, upon the expiration of the Offering Period, the Offering shall terminate without any further action of the parties hereto. If the Offering is terminated pursuant to this Section 10(d), then in cases in which no Closing had been theretofore consummated, the Company's sole obligation to the Placement Agent shall be the PA Expense Reimbursement which shall be paid within five (5) business days of such termination.

(f) Before any termination by the Placement Agent under Section 10(a) or by the Company under Section 10(b) shall become effective, the terminating party shall give written notice to the other party of its intention to terminate the Offering, which shall set forth the specific grounds for the proposed termination (the "**Termination Notice**"). If the specified grounds for termination, or their resulting adverse effect on the transactions contemplated hereby, are curable, then the other party shall have ten (10) days from the Termination Notice within which to remove such grounds or to eliminate all of their material adverse effects on the transactions contemplated hereby; otherwise, the Offering shall terminate.

(e) Upon any termination pursuant to this Section 10, the parties to this Agreement will promptly instruct Escrow Agent to cause all monies received with respect to the subscriptions for Shares not closed upon to be promptly returned to such subscribers without interest, penalty or deduction.

11. Survival.

(a) The obligations of the parties to pay any costs and expenses hereunder and to provide indemnification and contribution as provided herein shall survive any termination or completion of the Offering. In addition, the provisions of Sections 3(d), 3(e), 3(f) and 10 through 17 hereof shall also survive the termination or expiration of this Offering.

(b) The respective indemnities, covenants, representations, warranties and other statements of Company and the Placement Agent set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of, and regardless of any access to information by, the Company, the Company or the Placement Agent, or any of their officers or directors or any controlling person thereof, and will survive the sale of the Shares or any termination of the Offering hereunder for a period of two (2) years from the earlier to occur of the Final Closing or the termination of the Offering.

12. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered personally, or the date mailed if mailed by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like changes of address which shall be effective upon receipt) or sent by facsimile transmission, with confirmation received or email. If sent to the Placement Agent, such notice will be mailed, delivered or telefaxed and confirmed to Aegis Capital Corp., 1345 Avenue of the Americas, 27th Floor, New York, NY 10105, Attention: Adam K. Stern, telefax number (646) 390-9122 or email Adam@sternaegis.com , with a copy (which shall not constitute notice) to: Littman Krooks LLP, 1325 Avenue of the Americas, 15th Floor, New York, NY 10019 Attention: Steven Uslaner, Esq., telefax number (212) 490-2990 or email: suslaner@littmankrooks.com, if sent to Company, such notice will be mailed, delivered or telefaxed and confirmed to Super League Enterprise. Inc., 2912 Colorado Ave. Suite #203, Santa Monica, CA 90404, Attention: Ann Hand, CEO, email: ann.hand@superleague.com, with a copy (which shall not constitute notice) to: Disclosure Law Group, a professional corporation, 655 W. Broadway, Suite 870, San Diego, CA 92101, Attention: Daniel W. Rumsey, Esq, email: drumsey@disclosurelawgroup.com.

13. Governing Law, Jurisdiction. This Agreement shall be deemed to have been made and delivered in New York City and shall be governed as to validity, interpretation, construction, affect and in all other respects by the internal laws of the State of New York. **THE PARTIES AGREE THAT ANY DISPUTE, CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY RELATING TO OR ARISING OUT OF THIS AGREEMENT, THE TERMINATION OR VALIDITY HEREOF, ANY ALLEGED BREACH OF THIS AGREEMENT OR THE ENGAGEMENT CONTEMPLATED HEREBY (ANY OF THE FOREGOING, A "CLAIM") SHALL BE SUBMITTED TO THE JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. ("JAMS"), OR ITS SUCCESSOR, IN NEW YORK, FOR FINAL AND BINDING ARBITRATION IN FRONT OF A PANEL OF THREE ARBITRATORS WITH JAMS IN NEW YORK, NEW YORK UNDER THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES (WITH EACH OF THE PLACEMENT AGENT AND THE COMPANY CHOOSING ONE ARBITRATOR, AND THE CHOSEN ARBITRATORS CHOOSING THE THIRD ARBITRATOR). THE ARBITRATORS SHALL, IN THEIR AWARD, ALLOCATE ALL OF THE COSTS OF THE ARBITRATION, INCLUDING THE FEES OF THE ARBITRATORS AND THE REASONABLE ATTORNEYS' FEES OF THE PREVAILING PARTY, AGAINST THE PARTY WHO DID NOT PREVAIL. THE AWARD IN THE ARBITRATION SHALL BE FINAL AND BINDING. THE ARBITRATION SHALL BE GOVERNED BY THE FEDERAL ARBITRATION ACT, 9 U.S.C. SEC. 1-16, AND THE JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATORS MAY BE ENTERED BY ANY COURT HAVING JURISDICTION THEREOF. THE COMPANY AND THE PLACEMENT AGENT AGREE AND CONSENT TO PERSONAL JURISDICTION, SERVICE OF PROCESS AND VENUE IN ANY FEDERAL OR STATE COURT WITHIN THE STATE AND COUNTY OF NEW YORK IN CONNECTION WITH ANY ACTION BROUGHT TO ENFORCE AN AWARD IN ARBITRATION.**

14. Miscellaneous. No provision of this Agreement may be changed or terminated except by a writing signed by the party or parties to be charged therewith. Unless expressly so provided, no party to this Agreement will be liable for the performance of any other party's obligations hereunder. Either party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; *provided*, *however*, that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No such waiver shall be deemed to constitute or imply waiver of any other term, provision or condition of this Agreement. Neither party may assign its rights or obligations under this Agreement to any other person or entity without the prior written consent of the other party.

15. Entire Agreement; Severability. This Agreement together with any other agreement referred to herein supersedes all prior understandings and written or oral agreements between the parties with respect to the Offering and the subject matter hereof. If any portion of this Agreement shall be held invalid or unenforceable, then so far as is reasonable and possible (i) the remainder of this Agreement shall be considered valid and enforceable and (ii) effect shall be given to the intent manifested by the portion held invalid or unenforceable.

16. Limitation of Engagement to the Company. The Company acknowledges that the Placement Agent has been retained only by the Company, that the Placement Agent is providing services hereunder as an independent contractor (and not in any fiduciary or agency capacity) and that the Company's engagement of the Placement Agent is not deemed to be on behalf of, and is not intended to confer rights upon, any shareholder, owner or partner of the Company or any other person not a party hereto as against the Placement Agent or any of its affiliates, or any of its or their officers, directors, controlling persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), employees or agents, other than the indemnification and contribution provisions set forth in Sections 8 and 9 hereof. Unless otherwise expressly agreed in writing by the Placement Agent or as provided in Sections 8 or 9 hereof, no one other than the Company is authorized to rely upon this Agreement or any other statements or conduct of the Placement Agent, and no one other than the Company is intended to be a beneficiary of this Agreement.

17. Modification; Waiver. No provision of this Agreement may be changed or terminated except by a writing signed by the party or parties to be charged therewith. Any party hereto may waive compliance by the other with any of the terms, provisions and conditions set forth herein; provided, however that any such waiver shall be in writing specifically setting forth those provisions waived thereby. No such waiver shall be deemed to constitute or imply waiver of any other term, provision or condition of this Agreement.

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which taken together shall constitute one and the same agreement (and all signatures need not appear on anyone counterpart). Counterparts may be delivered via facsimile, electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, for example, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. This Agreement shall become effective when one or more counterparts has been signed and delivered by each of the parties hereto.

[Signatures on following page.]

If the foregoing is in accordance with your understanding of the agreement between the Company and the Placement Agent, kindly sign and return this Agreement, whereupon it will become a binding agreement between the Company and the Placement Agent in accordance with its terms.

SUPER LEAGUE ENTERPRISE, INC.

By:/s/ Ann Hand
Ann Hand
Chief Executive Officer

Accepted and agreed to this
23rd day of August, 2024:

AEGIS CAPITAL CORP.

By:/s/ Adam K. Stern
Adam K. Stern
Head of Private Equity Banking

[SCHEDULES AND EXHIBITS INTENTIONALLY OMITTED]

Exhibit 10.14

NEITHER THIS UNSECURED PROMISSORY NOTE (THIS "NOTE"), NOR THE SHARES OF COMMON STOCK ISSUED IN CONNECTION THEREWITH, HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAWS, AND HAVE BEEN ISSUED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS, INCLUDING, WITHOUT LIMITATION, THE EXEMPTION CONTAINED IN SECTION 4(2) OF THE SECURITIES ACT. NEITHER THIS NOTE NOR THE SECURITIES MAY BE SOLD OR TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT HAS BECOME AND IS THEN EFFECTIVE WITH RESPECT TO SUCH SECURITIES, (2) THIS NOTE OR SUCH SECURITIES, AS APPLICABLE, IS TRANSFERRED PURSUANT TO RULE 144 PROMULGATED UNDER THE SECURITIES ACT (OR ANY SUCCESSOR RULE) OR (3) THE COMPANY (AS HEREINAFTER DEFINED) HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT THE PROPOSED SALE OR TRANSFER OF THIS NOTE OR THE SHARES OF COMMON STOCK ISSUABLE IN CONNECTION HEREWITH, IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND ALL OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAWS.

$669,171.00 USD August 1, 2024

SUPER LEAGUE ENTERPRISE, INC.

UNSECURED PROMISSORY NOTE

FOR VALUE RECEIVED, **SUPER LEAGUE ENTERPRISE, INC.**, a Delaware corporation located at 2912 Colorado Ave., Suite 203, Santa Monica, CA 90404 ("Company"), hereby promises to pay to the order of **SAM DROZDOV,** an individual located at 21 Flower Lane, Great Neck, NY 11024 (the "Holder"), the principal amount of **SIX HUNDRED SIXTY-NINE THOUSAND ONE HUNDRED SEVENTY-ONE DOLLARS** ($669,171.00 USD) (the "Principal"), on the repayment terms set forth hereinbelow, but no later than the ten (10) month anniversary of issuance (the "Maturity Date"), in addition to the issuance of restricted shares of common stock (the "Shares") of the Company upon execution hereof and as detailed hereinbelow.

The following is a statement of the rights of the Holder and certain conditions to which this Note is subject, and to which the Holder, by the acceptance of this Note, agrees:

1. Definitions. As used in this Note, the following capitalized terms have the following meanings:

(a) "Business Day" means a day (i) other than Saturday or Sunday, and (ii) on which commercial banks are open for business in the State of California.

(b) "Default Rate" means an interest rate of twenty percent (20.0%) per annum.

(c) "Event of Default" has the meaning given in Section 6 hereof.

(d) "Holder" shall mean the entity specified in the introductory paragraph of this Note or any other entity, or person, who shall at the time be the registered holder of this Note.

(e) "Interest" has the meaning set forth in Section 3 hereof.

(f) "Note" shall mean this Unsecured Promissory Note.

(g) "Obligations" means all debts, liabilities and obligations of the Company to the Holder under this Note, including all unpaid Principal and accrued Interest of this Note, and all other amounts payable by the Company to the Holder hereunder, whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

(h) "Shares" means the restricted shares of common stock of the Company, $0.001 par value, that are being issued to Holder in connection with this Note pursuant to Section 4 hereinbelow.

2. Repayment Schedule. The repayment schedule shall be as follows: (i) upon receipt of new equity funding in the aggregate amount of $3 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in four (4) equal monthly installments commencing on the initial closing date of such equity funding; (ii) upon receipt of new equity funding in the aggregate amount of $5 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in three (3) equal monthly installments commencing on the initial closing date of such equity funding; (iii) upon new equity funding received by the Company in the aggregate amount of $7 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in two (2) equal monthly installments commencing on the initial closing date of such equity funding; or (iv) in the event none of subsections 2(i)-(iii) occur, then the Note shall be repaid in full on the Maturity Date of June 1, 2025.

3. Interest. Interest shall accrue on the outstanding Principal at the rate of eight and one-half percent (8.5%) per annum (the "Interest"). Interest shall accrue until the earlier of (i) repayment in full, or (ii) the Maturity Date; provided, however, during the existence of an Event of Default, interest shall accrue on all outstanding Principal ~~and accrued Interest~~ at the Default Rate.

4. No Prepayment Penalty. All outstanding Principal and accrued Interest may be prepaid by the Company prior to the Maturity Date at the election of the Company and without the prior written consent of the Holder, with the express understanding that all prepayments shall be first applied to accrued Interest and then to outstanding Principal.

5. Restricted Common Stock Issuance.

(a) During the period commencing January 2, 2025 and concluding on January 6, 2025, an issuance of ninety-eight thousand four hundred thirty-eight (98,438) Shares shall be made in the name of Holder. In conjunction therewith, Company shall instruct its transfer agent to issue, in book-entry form, the Shares set forth in the immediately preceding sentence. Further, upon the expiration of the requisite six (6) month hold period, the Company will procure a legal opinion on behalf of the Holder for purposes of permitting the sale and/or transfer of the Shares by Holder.

6. Events of Default. Any of the following events which shall occur shall constitute an "Event of Default":

(a) the Company shall fail to pay when due the Obligations hereunder, where such failure continues for five (5) days after receipt of written notice from Holder specifying such failure; or

(b) the Company shall: (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or any material part of its property; (ii) admit in writing its inability to pay its debts generally as they become due; (iii) make a general assignment for the benefit of any of its creditors; (iv) be dissolved in full; (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it; or (vi) take or approve any action for the purpose of effecting any of the foregoing; or

(c) proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company or of all or any material part of its property, or a voluntary or involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect, shall be commenced and such involuntary case or proceeding shall not be dismissed or discharged within sixty (60) days of commencement; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect; or

(d) a default or event of default under any agreement of the Company shall occur that gives the holder of any other indebtedness for borrowed money of the Company the right to accelerate the maturity of such indebtedness (subject to any applicable cure periods set forth therein, if any); or

(e) the Company shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note and (i) such failure shall continue for fifteen (15) days, or (ii) if such failure is not curable within such fifteen (15) day period, but is reasonably capable of cure within thirty (30) days, either (A) such failure shall continue for thirty (30) days or (B) the Company shall not have commenced a cure in a manner reasonably satisfactory to Holder within the initial fifteen (15) day period; or

(f) any representation or warranty made or furnished by or on behalf of Company to Holder in writing in connection with this Note shall be false, incorrect, incomplete or misleading in any material respect when made or furnished.

Upon the occurrence of any Event of Default, (x) the Holder may at any time declare all unpaid Obligations to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Company; (y) the Holder may exercise all rights and remedies available to the Holder hereunder and applicable law, and (z) in the case of an Event of Default described in Section 6(b) or 6(c), all unpaid Obligations shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly and irrevocably waived by the Company.

7. Successors and Assigns. Subject to the restrictions on transfer described in Section 9 hereinbelow, the rights and obligations of the Company and the Holder hereunder shall be binding upon and inure to the benefit of the successors, assigns, heirs, administrators, and transferees of the parties. Due to the reliance by the Company on the exemption from securities registration provided by Rule 506 of Regulation D, as promulgated pursuant to the Securities Act of 1933, and the representation by Holder to the Company that Holder is an "accredited investor" as such term is defined by Rule 501(a) of Regulation D, no assignment of this Note shall be made to any person who is not an "accredited investor", where any assignment or transfer of this Note, or any attempt thereof, shall be null and void.

8. Amendments and Waivers. This Note may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the Company and Holder. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

9. Transfer of this Note. The Holder shall have the right to sell/assign its ownership of the Note and transfers of this Note shall be registered upon registration books maintained for such purpose by the Company. Prior to presentation of this Note for registration of transfer, the Company shall deem the registered Holder hereof as the owner and the holder of this Note for the purpose of receiving all payments of Principal and Interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Company shall not be affected by notice to the contrary.

10. Sale or Assignment of Note by the Company. The Company may not sell or assign the obligations set forth in this Note, in whole or in part, to a third party; provided, however, it is expressly understood and agreed by the parties that any minority, majority or one hundred percent (100%) purchase of the voting stock of the Company shall not be considered a sale or assignment pursuant to this section 10.

11. Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions, or other communications to or upon the Company or Holder under this Note shall be in writing and mailed or delivered to each party to its respective address of record in the opening paragraph hereof. All such notices and communications shall be effective (a) when sent by a commercially recognized means of overnight delivery providing confirmation of receipt, on the business day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through FedEx or other overnight carrier, upon receipt; and (c) when delivered by hand, upon delivery.

12. Expenses; Waivers. The Company agrees to pay, on demand, Holder for all reasonable costs and expenses, including reasonable attorneys' fees and costs, in connection with the enforcement of this Note, whether or not any suit is instituted. Should a suit be commenced to collect this Note or any portion thereof, such sum as the court may deem reasonable shall be added hereto as attorney's fees, including any fees awarded on any appeal. The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

13. Further Assurance. Each party shall execute, acknowledge, deliver, file, notarize and register (at its own expense) all documents, instruments, certificates, agreements and assurances and provide all information and take or forbear from all such action as the other party may reasonably deem necessary or appropriate to achieve the purposes of the Note or satisfy the obligations of the Company hereunder.

14. Severability. Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Note shall be prohibited by or be invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Note, or the validity or effectiveness of such provision in any other jurisdiction.

15. Cumulative Rights, etc. The rights, powers and remedies of Holder under this Note shall be in addition to all rights, powers and remedies given to Holder by virtue of any applicable law, rule or regulation of any governmental authority, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Holder's rights hereunder. The Company waives any right to require Holder to proceed against any person or entity or to exhaust any collateral or to pursue any remedy in Holder's power.

16. No Waiver. No course of dealing between the Company and the Holder or any delay on the part of the Holder in exercising any rights or remedies shall operate as a waiver of any such right or remedy of the Holder.

17. Construction. This Note is the result of negotiations among, and has been reviewed by, the Company, Holder and their respective counsel. Accordingly, this Note shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against the Company or Holder.

18. Governing Law and Jurisdiction. THIS NOTE AND ALL ACTIONS ARISING OUT OF OR IN CONNECTION WITH THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF THE STATE OF CALIFORNIA OR OF ANY OTHER JURISDICTION. THE HOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE ~~NON-~~EXCLUSIVE JURISDICTION OF THE SUPERIOR COURT, LOS ANGELES COUNTY, STATE OF CALIFORNIA. THE HOLDER IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH LITIGATION IN ANY SUCH COURT.

19. Waiver of Jury Trial. EACH OF THE COMPANY AND THE HOLDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY AS TO ANY ISSUE RELATED HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS NOTE.

IN WITNESS WHEREOF, this Note has been executed by the Company as of the date first written above.

COMPANY:

Super League Enterprise, Inc.,
a Delaware corporation

By: */s/ Ann Hand*
Ann Hand
CEO

Acknowledged and agreed as of August 1, 2024.

HOLDER:

SAM DROZDOV

By: */s/ Sam Drozdov*

NEITHER THIS UNSECURED PROMISSORY NOTE (THIS "NOTE"), NOR THE SHARES OF COMMON STOCK ISSUED IN CONNECTION THEREWITH, HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAWS, AND HAVE BEEN ISSUED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS, INCLUDING, WITHOUT LIMITATION, THE EXEMPTION CONTAINED IN SECTION 4(2) OF THE SECURITIES ACT. NEITHER THIS NOTE NOR THE SECURITIES MAY BE SOLD OR TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT HAS BECOME AND IS THEN EFFECTIVE WITH RESPECT TO SUCH SECURITIES, (2) THIS NOTE OR SUCH SECURITIES, AS APPLICABLE, IS TRANSFERRED PURSUANT TO RULE 144 PROMULGATED UNDER THE SECURITIES ACT (OR ANY SUCCESSOR RULE) OR (3) THE COMPANY (AS HEREINAFTER DEFINED) HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT THE PROPOSED SALE OR TRANSFER OF THIS NOTE OR THE SHARES OF COMMON STOCK ISSUABLE IN CONNECTION HEREWITH, IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND ALL OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAWS.

$446,115.00 USD August 1, 2024

SUPER LEAGUE ENTERPRISE, INC.

UNSECURED PROMISSORY NOTE

FOR VALUE RECEIVED, **SUPER LEAGUE ENTERPRISE, INC.**, a Delaware corporation located at 2912 Colorado Ave., Suite 203, Santa Monica, CA 90404 ("Company"), hereby promises to pay to the order of **BLOXBIZ CO.,** a Delaware corporation located at 21 Flower Lane, Great Neck, NY 11024 (the "Bloxbiz" or "Holder"), the principal amount of **FOUR HUNDRED FORTY-SIX THOUSAND ONE HUNDRED FIFTEEN DOLLARS** ($446,115.00 USD) (the "Principal"), on the repayment terms set forth hereinbelow, but no later than the ten (10) month anniversary of issuance (the "Maturity Date"), in addition to the issuance of restricted shares of common stock (the "Shares") of the Company upon execution hereof and as detailed hereinbelow.

The following is a statement of the rights of the Holder and certain conditions to which this Note is subject, and to which the Holder, by the acceptance of this Note, agrees:

1. Definitions. As used in this Note, the following capitalized terms have the following meanings:

(a) "Business Day" means a day (i) other than Saturday or Sunday, and (ii) on which commercial banks are open for business in the State of California.

(b) "Default Rate" means an interest rate of twenty percent (20.0%) per annum.

(c) "Event of Default" has the meaning given in Section 6 hereof.

(d) "Holder" shall mean the entity specified in the introductory paragraph of this Note or any other entity, or person, who shall at the time be the registered holder of this Note.

(e) "Interest" has the meaning set forth in Section 3 hereof.

(f) "Note" shall mean this Unsecured Promissory Note.

(g) "Obligations" means all debts, liabilities and obligations of the Company to the Holder under this Note, including all unpaid Principal and accrued Interest of this Note, and all other amounts payable by the Company to the Holder hereunder, whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

(h) "Shares" means the restricted shares of common stock of the Company, $0.001 par value, that are being issued to Holder in connection with this Note pursuant to Section 4 hereinbelow.

2. Repayment Schedule. The repayment schedule shall be as follows: (i) upon receipt of new equity funding in the aggregate amount of $3 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in four (4) equal monthly installments commencing on the initial closing date of such equity funding where $3 million or more of gross proceeds has closed; (ii) upon receipt of new equity funding in the aggregate amount of $5 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in three (3) equal monthly installments commencing on the initial closing date of such equity funding where $5 million or more of gross proceeds has closed; (iii) upon new equity funding received by the Company in the aggregate amount of $7 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in two (2) equal monthly installments commencing on the initial closing date of such equity funding where $7 million or more of gross proceeds has closed; or (iv) in the event none of subsections 2(i)-(iii) occur, then the Note shall be repaid in full on June 1, 2025, the Maturity Date.

3. Interest. Interest shall accrue on the outstanding Principal at the rate of eight and one-half percent (8.5%) per annum (the "Interest"). Interest shall accrue until the earlier of (i) repayment in full, or (ii) the Maturity Date; provided, however, during the existence of an Event of Default, interest shall accrue on all outstanding Principal at the Default Rate.

4. No Prepayment Penalty. All outstanding Principal and accrued Interest may be prepaid by the Company prior to the Maturity Date at the election of the Company and without the prior written consent of the Holder, with the express understanding that all prepayments shall be first applied to accrued Interest and then to outstanding Principal.

5. Restricted Common Stock Issuance.

(a) During the period commencing January 2, 2025 and concluding on January 6, 2025, an issuance of sixty-five thousand six hundred and twenty-five (65,625) Shares shall be made in the name of Holder. In conjunction therewith, Company shall instruct its transfer agent to issue, in book-entry form, the Shares set forth in the immediately preceding sentence. Further, upon the expiration of the requisite six (6) month hold period, the Company will procure a legal opinion on behalf of the Holder for purposes of permitting the sale and/or transfer of the Shares by Holder.

6. Events of Default. Any of the following events which shall occur shall constitute an "Event of Default":

(a) the Company shall fail to pay when due the Obligations hereunder, where such failure continues for five (5) days after receipt of written notice from Holder specifying such failure; or

(b) the Company shall: (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or any material part of its property; (ii) admit in writing its inability to pay its debts generally as they become due; (iii) make a general assignment for the benefit of any of its creditors; (iv) be dissolved in full; (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it; or (vi) take or approve any action for the purpose of effecting any of the foregoing; or

(c) proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company or of all or any material part of its property, or a voluntary or involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect, shall be commenced and such involuntary case or proceeding shall not be dismissed or discharged within sixty (60) days of commencement; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect; or

(d) a default or event of default under any agreement of the Company shall occur that gives the holder of any other indebtedness for borrowed money of the Company the right to accelerate the maturity of such indebtedness (subject to any applicable cure periods set forth therein, if any); or

(e) the Company shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note and (i) such failure shall continue for fifteen (15) days, or (ii) if such failure is not curable within such fifteen (15) day period, but is reasonably capable of cure within thirty (30) days, either (A) such failure shall continue for thirty (30) days or (B) the Company shall not have commenced a cure in a manner reasonably satisfactory to Holder within the initial fifteen (15) day period; or

(f) any representation or warranty made or furnished by or on behalf of Company to Holder in writing in connection with this Note shall be false, incorrect, incomplete or misleading in any material respect when made or furnished.

Upon the occurrence of any Event of Default, (x) the Holder may at any time declare all unpaid Obligations to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Company; (y) the Holder may exercise all rights and remedies available to the Holder hereunder and applicable law, and (z) in the case of an Event of Default described in Section 6(b) or 6(c), all unpaid Obligations shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly and irrevocably waived by the Company.

7. Successors and Assigns. Subject to the restrictions on transfer described in Section 8 hereinbelow, the rights and obligations of the Company and the Holder hereunder shall be binding upon and inure to the benefit of the successors, assigns, heirs, administrators, and transferees of the parties. Due to the reliance by the Company on the exemption from securities registration provided by Rule 506 of Regulation D, as promulgated pursuant to the Securities Act of 1933, and the representation by Holder to the Company that Holder is an "accredited investor" as such term is defined by Rule 501(a) of Regulation D, no assignment of this Note shall be made to any person who is not an "accredited investor", where any assignment or transfer of this Note, or any attempt thereof, shall be null and void.

8. Amendments and Waivers. This Note may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the Company and Holder. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

9. Transfer of this Note. The Holder shall have the right to sell/assign its ownership of the Note and transfers of this Note shall be registered upon registration books maintained for such purpose by the Company. Prior to presentation of this Note for registration of transfer, the Company shall deem the registered Holder hereof as the owner and the holder of this Note for the purpose of receiving all payments of Principal and Interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Company shall not be affected by notice to the contrary.

10. Sale or Assignment of Note by the Company. The Company may not sell or assign the obligations set forth in this Note, in whole or in part, to a third party; provided, however, it is expressly understood and agreed by the parties that any minority, majority or one hundred percent (100%) purchase of the voting stock of the Company shall not be considered a sale or assignment pursuant to this section 10.

11. Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions, or other communications to or upon the Company or Holder under this Note shall be in writing and mailed or delivered to each party to its respective address of record in the opening paragraph hereof. All such notices and communications shall be effective (a) when sent by a commercially recognized means of overnight delivery providing confirmation of receipt, on the business day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through FedEx or other overnight carrier, upon receipt; and (c) when delivered by hand, upon delivery.

12. Expenses; Waivers. The Company agrees to pay, on demand, Holder for all reasonable costs and expenses, including reasonable attorneys' fees and costs, in connection with the enforcement of Note, whether or not any suit is instituted. Should a suit be commenced to collect this Note or any portion thereof, such sum as the court may deem reasonable shall be added hereto as attorney's fees, including any fees awarded on any appeal. The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

13. Further Assurance. Each party shall execute, acknowledge, deliver, file, notarize and register (at its own expense) all documents, instruments, certificates, agreements and assurances and provide all information and take or forbear from all such action as the other party may reasonably deem necessary or appropriate to achieve the purposes of the Note or satisfy the obligations of the Company hereunder.

14. Severability. Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Note shall be prohibited by or be invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Note, or the validity or effectiveness of such provision in any other jurisdiction.

15. Cumulative Rights, etc. The rights, powers and remedies of Holder under this Note shall be in addition to all rights, powers and remedies given to Holder by virtue of any applicable law, rule or regulation of any governmental authority, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Holder's rights hereunder. The Company waives any right to require Holder to proceed against any person or entity or to exhaust any collateral or to pursue any remedy in Holder's power.

16. No Waiver. No course of dealing between the Company and the Holder or any delay on the part of the Holder in exercising any rights or remedies shall operate as a waiver of any such right or remedy of the Holder.

17. Construction. This Note is the result of negotiations among, and has been reviewed by, the Company, Holder and their respective counsel. Accordingly, this Note shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against the Company or Holder.

18. Governing Law and Jurisdiction. THIS NOTE AND ALL ACTIONS ARISING OUT OF OR IN CONNECTION WITH THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF THE STATE OF CALIFORNIA OR OF ANY OTHER JURISDICTION. THE HOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE SUPERIOR COURT, LOS ANGELES COUNTY, STATE OF CALIFORNIA. THE HOLDER IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH LITIGATION IN ANY SUCH COURT.

19. Waiver of Jury Trial. EACH OF THE COMPANY AND THE HOLDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY AS TO ANY ISSUE RELATED HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS NOTE.

IN WITNESS WHEREOF, this Note has been executed by the Company as of the date first written above.

COMPANY:

Super League Enterprise, Inc.,
a Delaware corporation

By: */s/ Ann Hand*
Ann Hand
CEO

Acknowledged and agreed as of August 1, 2024.

HOLDER:

BLOXBIZ CO,
a Delaware corporation

By: */s/ Sam Drozdov*
Name: Sam Drozdov
Title: _____

By: */s/ Ben Khakshoor*
Name: Ben Khakshoor
Title: _____

Exhibit 10.16

NEITHER THIS UNSECURED PROMISSORY NOTE (THIS "NOTE"), NOR THE SHARES OF COMMON STOCK ISSUED IN CONNECTION THEREWITH, HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAWS, AND HAVE BEEN ISSUED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH LAWS, INCLUDING, WITHOUT LIMITATION, THE EXEMPTION CONTAINED IN SECTION 4(2) OF THE SECURITIES ACT. NEITHER THIS NOTE NOR THE SECURITIES MAY BE SOLD OR TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT HAS BECOME AND IS THEN EFFECTIVE WITH RESPECT TO SUCH SECURITIES, (2) THIS NOTE OR SUCH SECURITIES, AS APPLICABLE, IS TRANSFERRED PURSUANT TO RULE 144 PROMULGATED UNDER THE SECURITIES ACT (OR ANY SUCCESSOR RULE) OR (3) THE COMPANY (AS HEREINAFTER DEFINED) HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT, TO THE EFFECT THAT THE PROPOSED SALE OR TRANSFER OF THIS NOTE OR THE SHARES OF COMMON STOCK ISSUABLE IN CONNECTION HEREWITH, IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND ALL OTHER APPLICABLE FEDERAL OR STATE SECURITIES LAWS.

$669,171.00 USD August 1, 2024

SUPER LEAGUE ENTERPRISE, INC.

UNSECURED PROMISSORY NOTE

FOR VALUE RECEIVED, **SUPER LEAGUE ENTERPRISE, INC.**, a Delaware corporation located at 2912 Colorado Ave., Suite 203, Santa Monica, CA 90404 ("Company"), hereby promises to pay to the order of **BEN KHAKSHOOR,** an individual located at 21 Flower Lane, Great Neck, NY 11024 (the "Holder"), the principal amount of **SIX HUNDRED SIXTY-NINE THOUSAND ONE HUNDRED SEVENTY-ONE DOLLARS** ($669,171.00 USD) (the "Principal"), on the repayment terms set forth hereinbelow, but no later than the ten (10) month anniversary of issuance (the "Maturity Date"), in addition to the issuance of restricted shares of common stock (the "Shares") of the Company upon execution hereof and as detailed hereinbelow.

The following is a statement of the rights of the Holder and certain conditions to which this Note is subject, and to which the Holder, by the acceptance of this Note, agrees:

1. Definitions. As used in this Note, the following capitalized terms have the following meanings:

(a) "Business Day" means a day (i) other than Saturday or Sunday, and (ii) on which commercial banks are open for business in the State of California.

(b) "Default Rate" means an interest rate of twenty percent (20.0%) per annum.

(c) "Event of Default" has the meaning given in Section 6 hereof.

(d) "Holder" shall mean the entity specified in the introductory paragraph of this Note or any other entity, or person, who shall at the time be the registered holder of this Note.

(e) "Interest" has the meaning set forth in Section 3 hereof.

(f) "Note" shall mean this Unsecured Promissory Note.

(g) "Obligations" means all debts, liabilities and obligations of the Company to the Holder under this Note, including all unpaid Principal and accrued Interest of this Note, and all other amounts payable by the Company to the Holder hereunder, whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

(h) "Shares" means the restricted shares of common stock of the Company, $0.001 par value, that are being issued to Holder in connection with this Note pursuant to Section 4 hereinbelow.

2. Repayment Schedule. The repayment schedule shall be as follows: (i) upon receipt of new equity funding in the aggregate amount of $3 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in four (4) equal monthly installments commencing on the initial closing date of such equity funding; (ii) upon receipt of new equity funding in the aggregate amount of $5 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in three (3) equal monthly installments commencing on the initial closing date of such equity funding; (iii) upon new equity funding received by the Company in the aggregate amount of $7 million or more subsequent to the date of this Note, in one transaction or series of transactions, the Note shall be repaid with interest in two (2) equal monthly installments commencing on the initial closing date of such equity funding; or (iv) in the event none of subsections 2(i)-(iii) occur, then the Note shall be repaid in full on the Maturity Date of June 1, 2025.

3. Interest. Interest shall accrue on the outstanding Principal at the rate of eight and one-half percent (8.5%) per annum (the "Interest"). Interest shall accrue until the earlier of (i) repayment in full, or (ii) the Maturity Date; provided, however, during the existence of an Event of Default, interest shall accrue on all outstanding Principal at the Default Rate.

4. No Prepayment Penalty. All outstanding Principal and accrued Interest may be prepaid by the Company prior to the Maturity Date at the election of the Company and without the prior written consent of the Holder, with the express understanding that all prepayments shall be first applied to accrued Interest and then to outstanding Principal.

5. Restricted Common Stock Issuance.

(a) During the period commencing January 2, 2025 and concluding on January 6, 2025, an issuance of ninety-eight thousand four hundred thirty-eight (98,438) Shares shall be made in the name of Holder. In conjunction therewith, Company shall instruct its transfer agent to issue, in book-entry form, the Shares set forth in the immediately preceding sentence. Further, upon the expiration of the requisite six (6) month hold period, the Company will procure a legal opinion on behalf of the Holder for purposes of permitting the sale and/or transfer of the Shares by Holder.

6. Events of Default. Any of the following events which shall occur shall constitute an "Event of Default":

(a) the Company shall fail to pay when due the Obligations hereunder, where such failure continues for five (5) days after receipt of written notice from Holder specifying such failure; or

(b) the Company shall: (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or any material part of its property; (ii) admit in writing its inability to pay its debts generally as they become due; (iii) make a general assignment for the benefit of any of its creditors; (iv) be dissolved in full; (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it; or (vi) take or approve any action for the purpose of effecting any of the foregoing; or

(c) proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company or of all or any material part of its property, or a voluntary or involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect, shall be commenced and such involuntary case or proceeding shall not be dismissed or discharged within sixty (60) days of commencement; or an order for relief shall be entered against the Company under the federal bankruptcy laws as now or hereafter in effect; or

(d) a default or event of default under any agreement of the Company shall occur that gives the holder of any other indebtedness for borrowed money of the Company the right to accelerate the maturity of such indebtedness (subject to any applicable cure periods set forth therein, if any); or

(e) the Company shall fail to observe or perform any other covenant, obligation, condition or agreement contained in this Note and (i) such failure shall continue for fifteen (15) days, or (ii) if such failure is not curable within such fifteen (15) day period, but is reasonably capable of cure within thirty (30) days, either (A) such failure shall continue for thirty (30) days or (B) the Company shall not have commenced a cure in a manner reasonably satisfactory to Holder within the initial fifteen (15) day period; or

(f) any representation or warranty made or furnished by or on behalf of Company to Holder in writing in connection with this Note shall be false, incorrect, incomplete or misleading in any material respect when made or furnished.

Upon the occurrence of any Event of Default, (x) the Holder may at any time declare all unpaid Obligations to be immediately due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Company; (y) the Holder may exercise all rights and remedies available to the Holder hereunder and applicable law, and (z) in the case of an Event of Default described in Section 6(b) or 6(c), all unpaid Obligations shall automatically become immediately due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly and irrevocably waived by the Company.

7. Successors and Assigns. Subject to the restrictions on transfer described in Section 9 hereinbelow, the rights and obligations of the Company and the Holder hereunder shall be binding upon and inure to the benefit of the successors, assigns, heirs, administrators, and transferees of the parties. Due to the reliance by the Company on the exemption from securities registration provided by Rule 506 of Regulation D, as promulgated pursuant to the Securities Act of 1933, and the representation by Holder to the Company that Holder is an "accredited investor" as such term is defined by Rule 501(a) of Regulation D, no assignment of this Note shall be made to any person who is not an "accredited investor", where any assignment or transfer of this Note, or any attempt thereof, shall be null and void.

8. Amendments and Waivers. This Note may not be amended or modified, nor may any of its terms be waived, except by written instruments signed by the Company and Holder. Each waiver or consent under any provision hereof shall be effective only in the specific instances for the purpose for which given.

9. Transfer of this Note. The Holder shall have the right to sell/assign its ownership of the Note and transfers of this Note shall be registered upon registration books maintained for such purpose by the Company. Prior to presentation of this Note for registration of transfer, the Company shall deem the registered Holder hereof as the owner and the holder of this Note for the purpose of receiving all payments of Principal and Interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Company shall not be affected by notice to the contrary.

10. Sale or Assignment of Note by the Company. The Company may not sell or assign the obligations set forth in this Note, in whole or in part, to a third party; provided, however, it is expressly understood and agreed by the parties that any minority, majority or one hundred percent (100%) purchase of the voting stock of the Company shall not be considered a sale or assignment pursuant to this section 10.

11. Notices. Except as otherwise provided herein, all notices, requests, demands, consents, instructions, or other communications to or upon the Company or Holder under this Note shall be in writing and mailed or delivered to each party to its respective address of record in the opening paragraph hereof. All such notices and communications shall be effective (a) when sent by a commercially recognized means of overnight delivery providing confirmation of receipt, on the business day following the deposit with such service; (b) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through FedEx or other overnight carrier, upon receipt; and (c) when delivered by hand, upon delivery.

12. Expenses; Waivers. The Company agrees to pay, on demand, Holder for all reasonable costs and expenses, including reasonable attorneys' fees and costs, in connection with the enforcement of this Note, whether or not any suit is instituted. Should a suit be commenced to collect this Note or any portion thereof, such sum as the court may deem reasonable shall be added hereto as attorney's fees, including any fees awarded on any appeal. The Company hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

13. Further Assurance. Each party shall execute, acknowledge, deliver, file, notarize and register (at its own expense) all documents, instruments, certificates, agreements and assurances and provide all information and take or forbear from all such action as the other party may reasonably deem necessary or appropriate to achieve the purposes of the Note or satisfy the obligations of the Company hereunder.

14. Severability. Whenever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Note shall be prohibited by or be invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Note, or the validity or effectiveness of such provision in any other jurisdiction.

15. Cumulative Rights, etc. The rights, powers and remedies of Holder under this Note shall be in addition to all rights, powers and remedies given to Holder by virtue of any applicable law, rule or regulation of any governmental authority, all of which rights, powers, and remedies shall be cumulative and may be exercised successively or concurrently without impairing Holder's rights hereunder. The Company waives any right to require Holder to proceed against any person or entity or to exhaust any collateral or to pursue any remedy in Holder's power.

16. No Waiver. No course of dealing between the Company and the Holder or any delay on the part of the Holder in exercising any rights or remedies shall operate as a waiver of any such right or remedy of the Holder.

17. Construction. This Note is the result of negotiations among, and has been reviewed by, the Company, Holder and their respective counsel. Accordingly, this Note shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against the Company or Holder.

18. Governing Law and Jurisdiction. THIS NOTE AND ALL ACTIONS ARISING OUT OF OR IN CONNECTION WITH THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF THE STATE OF CALIFORNIA OR OF ANY OTHER JURISDICTION. THE HOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE SUPERIOR COURT, LOS ANGELES COUNTY, STATE OF CALIFORNIA. THE HOLDER IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH LITIGATION IN ANY SUCH COURT.

19. Waiver of Jury Trial. EACH OF THE COMPANY AND THE HOLDER, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY AS TO ANY ISSUE RELATED HERETO IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS NOTE.

IN WITNESS WHEREOF, this Note has been executed by the Company as of the date first written above.

COMPANY:

Super League Enterprise, Inc.,
a Delaware corporation

By: */s/ Ann Hand*
Ann Hand
CEO

Acknowledged and agreed as of August 1, 2024.

HOLDER:

BEN KHAKSHOOR

By: */s/ Ben Khakshoor*

BUSINESS LOAN AND SECURITY AGREEMENT

THIS BUSINESS LOAN AND SECURITY AGREEMENT (as the same may be amended, restated, modified, or supplemented from time to time, this "**Agreement**") dated as of November 8, 2024 (the "**Effective Date**") among Agile Capital Funding, LLC as collateral agent (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**"), and Agile Lending, LLC, a Virginia limited liability company ("**Lead Lender**") and each assignee that becomes a party to this Agreement pursuant to Section 12.1 (each individually with the Lead Lender, a "Lender" and collectively with the Lead Lender, the "Lenders"), and SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation **(**"**Parent**" **or** "**Borrower**"**)** and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation, individually and collectively, jointly and severally, "**Guarantors**"), and provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders the loans described herein. The Collateral Agent, Lenders, and Borrower, each a "Party" and collectively the "Parties", intending to be legally bound, hereby agree as follows:

1. DEFINITIONS, ACCOUNTING AND OTHER TERMS

1.1 Capitalized terms used herein shall have the meanings set forth in Section 13 to the extent defined therein. All other capitalized terms used but not defined herein shall have the meaning given to such terms in the Code. Any accounting term used but not defined herein shall be construed in accordance with GAAP and all calculations shall be made in accordance with GAAP. The term "financial statements" shall include the accompanying notes and schedules thereto. Any section, subsection, schedule or exhibit references are to this Agreement unless otherwise specified.

2. LOANS AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay each Lender the outstanding principal amount of the Term Loan advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2 Term Loans.

(a) Availability. The Lenders, relying upon each of the representations and warranties set out in this Agreement, as well as each of the representations, covenants and warranties set out in the other Loan Documents, hereby severally and not jointly agree with the Borrower that, subject to and upon the terms and conditions of this Agreement, shall advance the Principal Loan to the Borrower on the Effective Date, but in any event no later than two (2) Business Days after the date hereof, by wiring the funds to the Borrower's Account.

(b) Repayment. Borrower agrees to pay all amounts owing pursuant to the terms of this Agreement, including any financing charge, specified fees, interest and any other charges that may be assessed as provided in this Agreement or as documented in the Business Loan and Security Agreement Supplement (the "**Supplement**") or the Secured Promissory Note (as defined below). The Term Loan shall be repaid by Borrower on the dates specified on Exhibit B-4 of this Agreement (each a "**Scheduled Repayment Date**") by the amount set out opposite each Scheduled Repayment Date (each a "**Scheduled Repayment Amount**") and in accordance with the Term Loan Amortization Schedule. If any payment on the Secured Promissory Note is due on a day which is not a Business Day, such payment shall be due on the next succeeding Business Day, and such extension of time shall be taken into account in calculating the amount of interest payable under this Note. All unpaid principal and accrued and unpaid interest with respect to the Term Loan is due and payable in full on the Maturity Date. The Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d). Once repaid, no portion of the Term Loan may be reborrowed.

(c) Mandatory Prepayments. If an event described in Section 7.2 hereof occurs, or the Term Loan is accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (ii) the Prepayment Fee (as defined in Section 2.2(d) below), plus (iii) all other Obligations that are due and payable, including, without limitation, interest at the Default Rate with respect to any past due amounts.

(d) Permissive Prepayments and Make-Whole Premium. Borrower shall have the right to make a full prepayment or partial prepayment of any or all of the Obligations in accordance with the prepayment amendment in Exhibit E of this Agreement. The foregoing notwithstanding, upon the prepayment of any principal amount, Borrower shall be obligated to pay a make-whole premium payment on account of such principal so paid, which shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date ("**Prepayment Fee**").

2.3 Payment of Interest on the Term Loans.

(a) Interest Rate. Borrower agrees to pay in full the interest as set forth in the Supplement found in Exhibit B-5 of this Agreement. Interest shall accrue on the Term Loan commencing on, and including, the Effective Date of such Term Loan, and shall accrue on the principal amount outstanding under the Term Loan through and including the day on which the Term Loan is paid in full.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto plus five percentage points (5.00%) (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

(c) 360 Day Year. Interest shall be computed on the basis of a three hundred sixty (360) day year and the actual number of days elapsed.

(d) Debit of Accounts; Payments. All payments on the Secured Promissory Note shall be made via automated clearing house transfers of immediately available funds to be initiated by Lender in accordance with the authorization and direction of Borrower to Lead Lender provided in Exhibit B-6 of this Agreement.

(e) Usury Savings Clause. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the principal balance of the Term Loan at a rate which could subject Lenders to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of the Maximum Legal Rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to the Collateral Agent or Lenders for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full.

2.4 Fees. Borrower shall pay to Collateral Agent and/or Lenders:

(a) Administrative Agent Fee. The Administrative Agent Fee of NINETY-TWO THOUSAND FIVE HUNDRED DOLLARS ($92,500.00, which shall be paid at closing out of proceeds of the Term Loan for the account of Collateral Agent.

2.5 Secured Promissory Notes. The Term Loan shall be evidenced by a Secured Promissory Note in the form attached as Exhibit D hereto ("**Secured Promissory Note**") and shall be repayable as set forth in this Agreement.

3. CONDITIONS OF LOANS

3.1 Conditions Precedent to Term Loan. Each Lender's obligation to make the Term Loan is subject to the condition precedent that each Lender shall consent to or shall have received, in form and substance satisfactory to each Lender, such documents, and completion of such other matters, as each Lender may reasonably deem necessary or appropriate.

4. CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Effective from and after the Effective Date of the Term Loan, Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. If Borrower shall acquire a commercial tort claim (as defined in the Code), Borrower shall grant to Collateral Agent, for the ratable benefit of the Lenders, a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent. If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to extend the Term Loan has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower.

4.2 Authorization to File Financing Statements. Borrower hereby authorizes Collateral Agent to file such financing statements and/or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights in the Collateral and under the Loan Documents; *provided, however*, **Collateral Agent may only file such financing statements and/or take any other action required to perfect Collateral Agent's security interests in the Collateral, upon the occurrence of an Event of Default.**

4.3 Guaranty. (Intentionally omitted).

5. REPRESENTATIONS AND WARRANTIES

Each Borrower, jointly and severally, represents and warrants to Collateral Agent and the Lenders as follows:

5.1 Due Organization, Authorization: Power and Authority. Each Borrower and each of its respective Subsidiaries is duly formed, validly existing and in good standing as under the laws of its jurisdiction of organization or formation and each Borrower and each of its respective Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to result in a Material Adverse Change.

5.2 Collateral. Borrower and Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any deposit accounts, securities accounts, commodity accounts or other investment accounts other than the collateral accounts or other investment accounts (the "**Collateral Accounts**"), if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith with respect to which Borrower has given Collateral Agent notice and taken, subject to Section 6.6 (a), such actions as are necessary to give Collateral Agent a perfected security interest therein. The security interests granted herein are and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that are permitted by the terms of this Agreement to have priority to Collateral Agent's Lien. All Inventory and Equipment that is part of the Collateral is in all material respects of good and marketable quality, free from material defects.

5.3 Litigation. Except as disclosed on the Perfection Certificate, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of any of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than Fifty Thousand Dollars ($50,000.00).

5.4 No Material Adverse Change; Financial Statements. All consolidated financial statements for Parent and its Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, in all material respects the consolidated financial condition of Parent and its Subsidiaries, and the consolidated results of operations of Parent and its Subsidiaries. Since the date of the most recent financial statements submitted to any Lender, there has not been a Material Adverse Change.

5.5 Solvency. As of September 30, 2024, Borrower and each of its Subsidiaries, when taken as a whole, is Solvent.

5.6 Regulatory Compliance. Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to result in a Material Adverse Change. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary to continue their respective businesses as currently conducted.

5.7 Investments. Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Each Borrower and each of its respective Subsidiaries has timely filed all required tax returns and reports, and, except as disclosed, each Borrower and each of its respective Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by such Borrower and such Subsidiaries, in all jurisdictions in which such Borrower or any such Subsidiary is subject to taxes, including the United States, unless such taxes are being contested in good faith.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Term Loan solely to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of any Borrower or any of its Subsidiaries in any certificate or written statement given to Collateral Agent or any Lender, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.11 Shares. Each Borrower has full power and authority to create a first lien on its Shares and no disability or contractual obligation exists that would prohibit such Borrower from pledging the Shares pursuant to this Agreement. To Borrower's knowledge, there are no subscriptions, warrants, rights of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. With respect to each Subsidiary which is a corporation, the Shares have been and will be duly authorized and validly issued, and are fully paid and non-assessable. To Borrower's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and Borrower knows of no reasonable grounds for the institution of any such proceedings.

5.12 Guarantee. (Intentionally omitted)

6. AFFIRMATIVE COVENANTS

Borrower shall, and shall cause each of its Subsidiaries to, do all of the following:

6.1 Government Compliance. Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change.

6.2 Financial Statements, Reports, Certificates, Notices.

(a) Deliver to Collateral Agent and each Lender: (i) as soon as available, but no later than forty-five (45) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Parent and its Subsidiaries for such month certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent; (ii) prompt notice of any material amendments of or other changes to the capitalization table of Borrower (other than Parent) and to the Operating Documents of Borrower or any of its Subsidiaries, together with any copies reflecting such amendments or changes with respect thereto; (iii) as soon as available, but no later than forty-five (45) days after the last day of each month, copies of the month end account statements for each Collateral Account maintained by Borrower or its Subsidiaries, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s); (iv) prompt notice of any event that (A) could reasonably be expected to materially and adversely affect the Borrower's Intellectual Property and (B) could reasonably be expected to result in a Material Adverse Change; (v) written notice at least (10) days' prior to Borrower's creation of a new Subsidiary in accordance with the terms of Section 6.10; (vi) written notice at least (30) days' prior to Borrower's (A) changing its jurisdiction of organization, (B) changing its organizational structure or type, (C) changing its legal name, (D) changing any organizational number (if any) assigned by its jurisdiction of organization, or (E) registering or filing any Intellectual Property; (vii) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, prompt (and in any event within three (3) Business Days) written notice of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default; (viii) notice of any commercial tort claim of Borrower or any Guarantor and of the general details thereof; (ix) other information as reasonably requested by Collateral Agent or any Lender. (x) written notice of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of more than Fifty Thousand Dollars ($50,000.00); and (xi) written notice of all returns, recoveries, disputes and claims regarding Inventory that involve more than Fifty Thousand Dollars ($50,000.00) individually or in the aggregate in any calendar year.

(b) Keep proper, complete and true books of record and account in accordance with GAAP and in all material respects. Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than twice every year unless (and more frequently if) an Event of Default has occurred and is continuing. Notwithstanding the foregoing, upon request of any Lender, Borrower agrees to permit such Lender to communicate with Borrower's accounting firm, in the presence of a Responsible Officer of the Borrower or the Parent, with respect to the consolidated financial statements delivered pursuant to this Section 6.2.

6.3 Inventory and Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower, or any of its Subsidiaries, and their respective account debtors shall follow Borrower's, or such Subsidiary's, customary practices as they exist at the Effective Date.

6.4 Taxes. Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except as otherwise permitted pursuant to the terms of Section 5.8 hereof.

6.5 Insurance. Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request (including customary lender's loss payable endorsements and naming the Collateral Agent as an additional insured), and give the Collateral Agent thirty (30) days' prior written notice before any such policy or policies shall be materially altered or canceled (other than cancellation for non-payment of premiums, for which ten (10) days' prior written notice shall be required). At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments to Collateral Agent. If Borrower or any of its Subsidiaries fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make (but has no obligation to do so), at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent.

6.6 Operating Accounts. Borrower shall provide Collateral Agent ten (10) days' prior written notice before Borrower or any of its Subsidiaries establishes any Collateral Account.

6.7 Litigation Cooperation. Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent and the Lenders, without expense to Collateral Agent or the Lenders, Borrower and each of Borrower's officers, employees and agents and Borrower's books and records, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower.

6.8 Landlord Waivers; Bailee Waivers. In the event that Borrower, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then Borrower must first receive the written consent of Collateral Agent to do so.

6.9 Further Assurances. Execute any further instruments and take any and all further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement, including without limitation, permit Collateral Agent or any Lender to discuss Borrower's financial condition with Borrower's accountants in the presence of a Responsible Officer of the Borrower or the Parent.

6.10 Lockbox Agreement. Upon the request of any Lender at any time after the Effective Date and for any reason in Lenders' sole and absolute discretion, Borrower shall enter into a lockbox arrangement with Lenders with respect to Borrower's accounts receivable at a financial institution of the Lenders' choosing in their sole and absolute discretion and shall execute a deposit control agreement in favor of Lenders in a form satisfactory to Lenders in their sole and absolute discretion; provided, however, a lockbox agreement will not be utilized unless an Event of Default occurs.

7. NEGATIVE COVENANTS

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders, provided, however, all pending transactions by and between Borrower and Infinite Reality, Inc., a Delaware corporation, shall be deemed permissible in all respects and not violative of any provision of this Section 7:

7.1 Dispositions. Convey, sell, lease, transfer, assign, dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property (including Intellectual Property), except for Transfers (a) of (i) Inventory in the ordinary course of business and (ii) Inventory, that, prior to the Effective Date, has been written down or written off, together with related tangible assets and non-material Intellectual Property; (b) of worn out or obsolete Equipment; (c) in connection with Permitted Liens, Permitted Investments and Permitted Licenses; (d) of any non-material Intellectual Property; (e) from (i) Borrower to another Borrower Guarantor, (ii) a non-Borrower Subsidiary to a Borrower, and (iii) a non-Borrower Subsidiary to another non-Borrower ; or (f) permitted under Section 7.3 below.

7.2 Changes in Business or Management, Ownership. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve or permit any of its Subsidiaries to liquidate or dissolve; or (c) cause or permit, voluntarily or involuntarily, any Key Person to cease to be actively engaged in the management of Borrower unless written notice thereof is provided to Collateral Agent and each Lender within ten (10) days of such Key Person ceasing to be actively engaged in the management of Borrower.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness. **For the avoidance of doubt, Indebtedness includes Merchant Cash Advances**.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

7.7 Restricted Payments. Pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock.

7.8 Investments. Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.9 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower or any of its Subsidiaries (other than among Borrower), except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non- affiliated Person, and (b) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries.

7.10 Subordinated Debt. Make or permit any payment on any Subordinated Debt or alternative financings that may encumber any assets of Borrower.

7.11 Material Agreements. Other than in the ordinary course of business, (a) enter into a Material Agreement or (b) terminate or materially amend a Material Agreement.

7.12 Financial Covenants. Waived.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on the Term Loan on its due date, or (b) pay any other Obligation within three (3) Business Days after such Obligation is due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof.

8.2 Covenant Default. Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), or Borrower violates any provision in Section 7.

8.3 Material Adverse Change. A Material Adverse Change has occurred.

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Material Subsidiaries or of any entity under control of Borrower or its Material Subsidiaries on deposit with any institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Material Subsidiaries or their respective assets by any government agency, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); and

(b) (i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

8.5 Insolvency. (a) Parent is or becomes Insolvent; (b) Parent and its Subsidiaries, taken as a whole, are or become Insolvent; (c) Borrower or any Material Subsidiary begins an Insolvency Proceeding; or (d) an Insolvency Proceeding is begun against Borrower or any Material Subsidiary and is not dismissed or stayed within forty five (45) days (but no Term Loan shall be extended while Parent or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is a default in any agreement between Borrower or any of its Subsidiaries and a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness.

8.7 Judgments. (a) One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars ($250,000.00) (not covered by independent third party insurance) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of twenty (20) days after the entry thereof or (b) any judgments, orders or decrees rendered against Borrower that could reasonably be expected to result in a Material Adverse Change;

8.8 Misrepresentations. Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement, when taken as a whole, is incorrect in any material respect when made.

8.9 Subordinated Debt. A default or breach occurs under any agreement between Borrower or any of its Subsidiaries and any creditor of Borrower or any of its Subsidiaries that signed a subordination, intercreditor, or other similar agreement with Collateral Agent or the Lenders, or any creditor that has signed such an agreement with Collateral Agent or the Lenders breaches any terms of such agreement;

8.10 Guaranty. (Intentionally Omitted)

8.11 Lien Priority. Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected first Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens arising as a matter of applicable law.

9. RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence of an Event of Default hereunder (unless all Events of Default have been cured by Borrower, as applicable, or waived by Lenders in writing), Lenders may, at their option: (i) by written notice to Borrower, declare the entire unpaid principal balance of the Term Loan, together with all accrued interest thereon and any other charges or fees payable hereunder, immediately due and payable regardless of any prior forbearance and (ii) exercise any and all rights and remedies available to it hereunder, under the Secured Promissory Note and/or under applicable law, including, without limitation, the right to collect from Borrower all sums due under this Agreement and the Secured Promissory Note and repossess any Collateral at Borrower's expense. Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lenders or Collateral Agent in connection with Lenders' exercise of any or all of its rights and remedies under this Agreement or the Secured Promissory Note, including, without limitation, reasonable attorneys' fees. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney in fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's or any of its Subsidiaries' name on any checks or other forms of payment or security; (b) sign Borrower's or any of its Subsidiaries' name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney in fact to sign Borrower's or any of its Subsidiaries' name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in, and lien on, the Collateral regardless of whether an Event of Default has occurred until all Obligations (other than inchoate indemnity obligations) have been satisfied in full and Collateral Agent and the Lenders are under no further obligation to extend the Term Loan hereunder. Collateral Agent's foregoing appointment as Borrower's or any of its Subsidiaries' attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations) have been fully repaid and performed and Collateral Agent's and the Lenders' obligation to provide the Term Loan terminates.

9.3 No Waiver; Remedies Cumulative. Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.4 Demand Waiver. Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

10. NOTICES

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission or e-mail; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, any Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:
Super League Enterprise, Inc.
2856 Colorado Ave.
Santa Monica, CA 90404

E-Mail Address: clayton.haynes@superleague.com

If to Collateral Agent:

Agile Capital Funding, LLC
244 Madison Ave, Suite 168
New York, NY 10016
E-Mail Address:
aaron@agilecapitalfunding.com

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

11.1 Waiver of Jury Trial. EACH OF BORROWER, COLLATERAL AGENT AND LENDERS UNCONDITIONALLY WAIVES ANY AND ALL RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, ANY OF THE INDEBTEDNESS SECURED HEREBY, ANY DEALINGS AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS RELATING TO THE SUBJECT MATTER OF THIS TRANSACTION OR ANY RELATED TRANSACTIONS, AND/OR THE RELATIONSHIP THAT IS BEING ESTABLISHED AMONG BORROWER, COLLATERAL AGENT AND/OR LENDERS. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. THIS WAIVER IS IRREVOCABLE. THIS WAIVER MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING. THE WAIVER ALSO SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THIS TRANSACTION OR ANY RELATED TRANSACTION. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11.2 Governing Law and Jurisdiction.

(a) THIS AGREEMENT, THE OTHER LOAN DOCUMENTS (EXCLUDING THOSE LOAN DOCUMENTS THAT BY THEIR OWN TERMS ARE EXPRESSLY GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE COMMONWEALTH OF VIRGINIA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAWS OTHER THAN THE LAWS OF THE COMMONWEALTH OF VIRGINIA), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL, PROVIDED, HOWEVER, THAT IF THE LAWS OF ANY JURISDICTION OTHER THAN VIRGINIA SHALL GOVERN IN REGARD TO THE VALIDITY, PERFECTION OR EFFECT OF PERFECTION OF ANY LIEN OR IN REGARD TO PROCEDURAL MATTERS AFFECTING ENFORCEMENT OF ANY LIENS IN COLLATERAL, SUCH LAWS OF SUCH OTHER JURISDICTIONS SHALL CONTINUE TO APPLY TO THAT EXTENT.

(b) Submission to Jurisdiction. Any legal action or proceeding with respect to the Loan Documents shall be brought exclusively in the courts of the Commonwealth of Virginia, including, without limitation the Circuit Court of Arlington County in the Commonwealth of Virginia and, by execution and delivery of this Agreement, Borrower hereby accepts for itself and in respect of its Property, generally and unconditionally, the jurisdiction of the aforesaid courts. Notwithstanding the foregoing, Collateral Agent and Lenders shall have the right to bring any action or proceeding against Borrower (or any property of Borrower) in the court of any other jurisdiction Collateral Agent or Lenders deem necessary or appropriate in order to realize on the Collateral or other security for the Obligations. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of forum non conveniens, that any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdictions. Borrowers expressly acknowledge that they are subject to personal jurisdiction in the Commonwealth of the Virginia, that they intentionally entered into the transactions that are the subject of this Agreement with Collateral Agent and Lender, who are located in the Commonwealth of Virginia, and that Borrowers waive any and all objections to the exercise of personal jurisdiction over them of the Commonwealth of Virginia and to venue in the Circuit Court for Arlington County, Virginia and any other court within the Commonwealth of Virginia.

(c) Service of Process. Borrower irrevocably waives personal service of any and all legal process, summons, notices and other documents and other service of process of any kind and consents to such service in any suit, action or proceeding brought in the United States of America with respect to or otherwise arising out of or in connection with any Loan Document by any means permitted by applicable requirements of law, including by the mailing thereof (by registered or certified mail, postage prepaid) to the address of Borrower specified herein (and shall be effective when such mailing shall be effective, as provided therein). Borrower agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(d) Non-exclusive Jurisdiction. Nothing contained in this Section 11.2 shall affect the right of Collateral Agent or Lenders to serve process in any other manner permitted by applicable requirements of law or commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction.

12. GENERAL PROVISIONS

12.1 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each Party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's prior written consent (which may be granted or withheld in Collateral Agent's discretion, subject to Section 12.5). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (any such sale, transfer, assignment, negotiation, or grant of a participation, a "**Lender Transfer**") all or any part of, or any interest in, any one or more Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents. In the event of such a Lender Transfer, Collateral Agent or Lead Lender shall have the right to, at its respective sole and absolute option, (a) notify Borrower of such Lender Transfer, in accordance with Section 10 hereof, and direct Borrower to make payments directly to such other Lender or Lenders, indicating such other Lenders' Pro Rata share of the Term Loan and the amount of the payment to be made in connection therewith, or (b) continue to collect payments hereunder and under the other Loan Documents and pay such other Lenders their Pro Rata Share of the Term Loan, in accordance with, and on such terms, as are determined by and between the Lenders.

12.2 Indemnification. Borrower, jointly and severally, agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective members, managers, directors, officers, employees, consultants, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses or expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further, jointly and severally, indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.4 Correction of Loan Documents. Collateral Agent may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

12.5 Amendments in Writing; Integration. (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

(i) no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

(ii) no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature; and

(iii) no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to the Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to the Term Loan (B) postpone the date fixed for, or waive, any payment of principal of the Term Loan or of interest on the Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term "Required Lenders" or the percentage of Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.5 or the definitions of the terms used in this Section 12.5 insofar as the definitions affect the substance of this Section 12.5; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the immediately preceding sentence.

(b) Other than as expressly provided for in Section 12.5(a)(i) (iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

(c) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.6 Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Any and all electronic signatures, whether by scan, e-mail, PDF, Docusign or similar means, and any electronic delivery of signature pages hereto, shall be treated as originals.

12.7 Survival. All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.8 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.8 Confidentiality. In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders' and Collateral Agent's Subsidiaries or Affiliates; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Term Loan (provided, however, the Lenders and Collateral Agent shall obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement or have agreed to similar confidentiality terms with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent at no fault of the Lenders or the Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.8 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.8.

12.9 Right of Set Off. Borrower hereby grants to Collateral Agent and to each Lender, a lien, security interest and right of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED BY BORROWER.

12.10 Borrower Liability. Each Borrower may, acting singly, request credit extensions hereunder. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting credit extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all credit extensions made hereunder, regardless of which Borrower actually receives said credit extension, as if each Borrower hereunder directly received all credit extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law, and (b) any right to require Collateral Agent or any Lender to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Collateral Agent and/or any Lender may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Collateral Agent and the Lenders under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section 12.10 shall be null and void. If any payment is made to a Borrower in contravention of this Section 12.10, such Borrower shall hold such payment in trust for Collateral Agent and the Lenders and such payment shall be promptly delivered to Collateral Agent for application to the Obligations, whether matured or unmatured.

12.11. Change of Law. If, due to any change in applicable law or regulations, or the interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, the performance of any provision of this Agreement, the loans granted pursuant hereto or any transaction contemplated hereby shall become unlawful, impracticable or impossible, the Lender shall have the right, with the consent of the Borrower not to be unreasonably withheld, conditioned or delayed, to amend the terms hereof in good faith so as to comply with the then current laws, rules and/or regulations in the way that, in its reasonable judgment, best and most closely reflects the terms and conditions negotiated herein and intended hereby.

13. DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"**Accounts**" shall mean accounts receivable of Parent.

"**Affiliate**" of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners if such Person is a partnership and, for any Person that is a limited liability company, that Person's managers and members.

"**Borrowing Base**" shall mean, at any time, an amount equal to 100% of Eligible Accounts.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which banks are closed in the Commonwealth of Virginia.

"**Code**" is the Uniform Commercial Code, as enacted in the Commonwealth of Virginia.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Disbursement Instruction Form**" is that certain form attached hereto as Exhibit B-2.

"**Drawdown**" means any principal amount borrowed or to be borrowed (by any means) under the provisions hereof.

"**Eligible Accounts**" shall mean Accounts that are not excluded as ineligible by virtue of one or more of the criteria set forth below. None of the following shall be Eligible Accounts: (A) Accounts (i) with respect to which the scheduled due date is more than 60 days after the original invoice date, (ii) which are unpaid more than (A) 90 days after the date of the original invoice therefor; (B) Accounts which (i) do not arise from the sale of goods or performance of services in the ordinary course of business, (ii) are not evidenced by an invoice or other documentation reasonably satisfactory to the Collateral Agent, (iii) represent a progress billing, or (iv) are contingent upon any Borrower's completion of any further performance; (C) Accounts which are owed by an account debtor which (i) does not maintain its chief executive office in the United States or (ii) is not organized under any applicable law of the United States, any State of the United States or the District of Columbia; (D) Accounts which are owed in any currency other than dollars; or (E) Accounts which are owed by any Affiliate, employee, officer, director or stockholder of any Borrower or Guarantor.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**Existing Indebtedness**" is the indebtedness of Borrower listed in the Perfection Certificate.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, (d) merchant cash advances; and (e) Contingent Obligations in respect of any of the foregoing.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions or proceedings seeking reorganization, arrangement, or other relief.

"**Insolvent**" means not Solvent.

"**Intellectual Property**" shall mean, all (a) trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, logos, trade dress, domain names, web sites, and all other indicia of origin or quality, and goodwill associated therewith and arising therefrom; (b) patents and patent rights; and (c) works of authorship and copyrights therein, and all common law rights in all of the foregoing, and registration and applications for all of the foregoing issued by or filed with the US Patent and Trademark Office, any State of the US, the US Copyright Office, or any foreign equivalent thereof, and all of the foregoing (a)-(c) used in, at, or in connection with and/or necessary for the (i) conduct of any Borrower's business and/or (ii) use and/or operation of the Collateral.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made under the Code, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Key Person**" is CLAYTON JAMES HAYNES.

"**Lien**" is a mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement, each Secured Promissory Note, each Disbursement Instruction Form, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future document, certificate, form or agreement entered into by Borrower or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified or supplemented from time to time.

"**Material Adverse Change**" is (a) a material adverse change in the business, operations or condition (financial or otherwise) of Parent, or Parent and each Subsidiary, taken as a whole; (b) a material impairment of the prospect of repayment of any portion of the Obligations, or (c) a material adverse effect on the Collateral.

"**Material Agreement**" is any license, agreement or other similar contractual arrangement with a Person or Governmental Authority whereby Borrower or any of its Subsidiaries is reasonably likely to be required to transfer, either in-kind or in cash, prior to the Maturity Date, assets or property valued (book or market) at more than Fifty Thousand Dollars ($50,000.00) in the aggregate or any license, agreement or other similar contractual arrangement conveying rights in or to any material Intellectual Property.

"**Maturity Date**" is 28 weeks from the Effective Date.

"**Maximum Legal Rate**" shall mean the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such state or states whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Term Loan.

"**Obligations**" are all of Borrower's obligations to pay when due any debts, principal, interest, the Prepayment Fee, the Final Fee, and other amounts Borrower owes the Lenders now or later, in connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents, or otherwise, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Perfection Certificate**" is that certain form attached hereto as Exhibit B-1.

"**Permitted Indebtedness**" is: (a) Borrower's Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents; (b) Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s); (c) unsecured Indebtedness to trade creditors and Indebtedness in connection with credit cards incurred in the ordinary course of business; (d) up to $3,000,000 in the form of an unsecured loan through one or more third parties introduced by SternAegis based on ongoing discussions; (e) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (d) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be.

"**Permitted Investments**" are: (a) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; (b) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (b) shall not apply to Investments of Borrower in any Subsidiary; and (c) shares of common stock of Infinite Reality, Inc., a Delaware corporation, received pursuant to the equity exchange agreement executed by and between Borrower and Infinite Reality, Inc. on September 30, 2024 and amended and restated on October 29, 2024.

"**Permitted Licenses**" are licenses of over-the-counter software that is commercially available to the public.

"**Permitted Liens**" are Liens existing on the Effective Date, including SLR Digital Finance, LLC, and disclosed on the Perfection Certificates or arising under this Agreement and the other Loan Documents;

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"**Pro Rata Share**" is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of the Term Loan held by such Lender by the aggregate outstanding principal amount of the Term Loan.

"**Related Persons**" means, with respect to any Person, each Affiliate of such Person and each director, officer, employee, agent, trustee, representative, attorney, accountant and each insurance, environmental, legal, financial and other advisor and other consultants and agents of or to such Person or any of its Affiliates.

"**Required Lenders**" means (i) for so long as the Lead Lender has not assigned or transferred any of its interests in the Term Loan, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loan, or (ii) at any time from and after the Lead Lender has assigned or transferred any interest in its Term Loan, Lenders holding at least fifty one percent (51%) of the aggregate outstanding principal balance of the Term Loan.

"**Responsible Officer**" is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower or Parent.

"**Secured Promissory Note**" is defined in Section 2.5.

"**Shares**" means one hundred percent (100.0%) of the stock, units or other evidence of equity ownership held by Borrower or its Subsidiaries of any Subsidiary which is organized under the laws of the United States.

"**Solvent**" is, with respect to any Person: the fair salable value of such Person's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person's liabilities; such Person is not left with unreasonably small capital after the transactions in this Agreement; and such Person is able to pay its debts (including trade debts) as they mature in the ordinary course (without taking into account any forbearance and extensions related thereto).

"**Subordinated Debt**" is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor), on terms acceptable to Collateral Agent and the Lenders.

"**Subsidiary**" is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries. Unless otherwise specified, references herein to a Subsidiary means a Subsidiary of Borrower.

"**Term Loan**" is defined in Section 2.2(a) hereof.

"**Term Loan Amortization Schedule**" means the amortization schedule set forth in Exhibit B-4 of this Agreement.

[Balance of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by one of its officers thereunto duly authorized on the date hereof.

Parties	Name of Signatory and Title	Signature
Borrowers		
SUPER LEAGUE ENTERPRISE, INC	CLAYTON JAMES HAYNES, CFO	*/s/ Clayton James Haynes*
INPVP, LLC	CLAYTON JAMES HAYNES, CFO	*/s/ Clayton James Haynes*
Guarantors		
SUPER LEAGUE ENTERPRISE, INC	CLAYTON JAMES HAYNES, CFO	*/s/ Clayton James Haynes*
INPVP, LLC	CLAYTON JAMES HAYNES, CFO	*/s/ Clayton James Haynes*

LEAD LENDER:
Agile Lending, LLC

/s/ Aaron Greenblott
By: Aaron Greenblott
Its: Member

COLLATERAL AGENT:
Agile Capital Funding, LLC

/s/ Aaron Greenblott
By: Aaron Greenblott
Its: Member

EXHIBITS TO FOLLOW

APPENDIX 1

BORROWER LIST

[*Exhibit Intentionally Omitted*]

EXHIBIT A

DESCRIPTION OF COLLATERAL

The Collateral consists of all of Borrower's right, title and interest in and to the following property:

All of Borrower's goods, Accounts, Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (including Intellectual Property), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All of Borrower's books and records relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any license or contract, in each case if the granting of a Lien in such license or contract is prohibited by or would constitute a default under the agreement governing such license or contract (but (A) only to the extent such prohibition is enforceable under applicable law and (B) other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9- 408 or 9-409 (or any other Section) of Division 9 of the Code); provided that upon the termination, lapsing or expiration of any such prohibition, such license or contract, as applicable, shall automatically be subject to the security interest granted in favor of Collateral Agent hereunder and become part of the "Collateral."

EXHIBIT B-1

PERFECTION CERTIFICATE

[*Exhibit Intentionally Omitted*]

EXHIBIT B-2

DISBURSEMENT INSTRUCTION FORM

[*Exhibit Intentionally Omitted*]

EXHIBIT B-3

DRAWDOWN SCHEDULE

Within 2 Business Days of Closing Date.

EXHIBIT B-4

REPAYMENT AND AMORTIZATION SCHEDULE

Projected Payment Schedule	
	Weekly Payment
11/14/2024	$93,821.43
11/21/2024	$93,821.43
11/28/2024	$93,821.43
12/5/2024	$93,821.43
12/12/2024	$93,821.43
12/19/2024	$93,821.43
12/26/2024	$93,821.43
1/2/2025	$93,821.43
1/9/2025	$93,821.43
1/16/2025	$93,821.43
1/23/2025	$93,821.43
1/30/2025	$93,821.43
2/6/2025	$93,821.43
2/13/2025	$93,821.43
2/20/2025	$93,821.43
2/27/2025	$93,821.43
3/6/2025	$93,821.43
3/13/2025	$93,821.43
3/20/2025	$93,821.43
3/27/2025	$93,821.43
4/3/2025	$93,821.43
4/10/2025	$93,821.43
4/17/2025	$93,821.43
4/24/2025	$93,821.43
5/1/2025	$93,821.43
5/8/2025	$93,821.43
5/15/2025	$93,821.43
5/22/2025	$93,821.39
Total	$2,627,000.00

EXHIBIT B-5

Business Loan and Security Agreement Supplement

Principal Amount of Loan:	**$1,850,000.00, including the Administrative Agent Fee,** available as set forth in the Drawdown Schedule found in Exhibit B-3 of this Agreement.
Total Repayment Amount:	The total repayment amount of the Term Loan, including all interest, lender fees, and third-party fees, assuming all payments are made on time is **$2,627,000.00.**
Payment Schedule:	As set forth in the Repayment and Amortization Schedule found in Exhibit B-4 of the Agreement.
Payment Multiplier: (The per dollar cost of the loan inclusive of all interest and fees).	**1.42**
Interest Charge:	**$777,000.00,** assuming all payments are made on time.
Fees payable to Collateral Agent and its designees:	**Administrative Agent Fee: $92,500.00,** payable at closing out of proceeds of the Term Loan

EXHIBIT B-6

AUTHORIZATION AGREEMENT
FOR AUTOMATED CLEARING HOUSE TRANSACTIONS

[Exhibit Intentionally Omitted]

EXHIBIT D

CONFESSED JUDGMENT SECURED PROMISSORY NOTE

IMPORTANT NOTICE: THIS INSTRUMENT CONTAINS A CONFESSION OF JUDGMENT PROVISION WHICH CONSTITUTES A WAIVER OF IMPORTANT RIGHTS YOU MAY HAVE AS A DEBTOR AND ALLOWS THE CREDITOR TO OBTAIN A JUDGMENT AGAINST YOU WITHOUT ANY FURTHER NOTICE.

CONFESSED JUDGMENT SECURED PROMISSORY NOTE

$1,850,000.00 Dated: November 8, 2024

FOR VALUE RECEIVED, the undersigned SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation ("**Parent**" or "**Borrower**") and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation, individually and collectively, jointly and severally, "**Guarantors**"), HEREBY JOINTLY AND SEVERALLY PROMISE TO PAY to the order of Agile Lending, LLC, or its designees or assigns ("**Lead Lender**") the principal amount of ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS ($1,850,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term Loan, at the rates and in accordance with the terms of the Business Loan and Security Agreement dated November 8, 2024, by and among Borrower, Lender, Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Confessed Judgment Secured Promissory Note (this "**Note**").

The Loan Agreement, among other things, (a) provides for the making of a secured Term Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2 (c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term Loan, interest on the Term Loan and all other amounts due Lender under the Loan Agreement is secured as provided under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the Commonwealth of Virginia.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTELLIGENTLY WAIVES ANY AND ALL RIGHTS THAT EACH PARTY TO THIS NOTE MAY NOW OR HEREAFTER HAVE UNDER THE LAWS OF THE UNITED STATES OF AMERICA OR THE COMMONWEALTH OF VIRGINIA, TO A TRIAL BY JURY OF ANY AND ALL ISSUES ARISING DIRECTLY OR INDIRECTLY IN ANY ACTION OR PROCEEDING RELATING TO THIS NOTE, THE LOAN DOCUMENTS OR ANY TRANSACTIONS CONTEMPLATED THEREBY OR RELATED THERETO. IT IS INTENDED THAT THIS WAIVER SHALL APPLY TO ANY AND ALL DEFENSES, RIGHTS, CLAIMS AND/OR COUNTERCLAIMS IN ANY SUCH ACTION OR PROCEEDING. BORROWER EXPRESSLY ACKNOWLEDGES THAT BORROWER IS SUBJECT TO PERSONAL JURISDICTION IN THE COMMONWEALTH OF THE VIRGINIA, THAT BORROWER INTENTIONALLY ENTERED INTO THE TRANSACTIONS THAT ARE THE SUBJECT OF THIS CONFESSED JUDGMENT PROMISSORY NOTE WITH LENDER, WHO IS LOCATED IN THE COMMONWEALTH OF VIRGINIA, AND THAT BORROWER WAIVES ANY AND ALL OBJECTIONS TO THE EXERCISE OF PERSONAL JURISDICTION OVER BORROWER OF THE COMMONWEALTH OF VIRGINIA AND TO VENUE IN THE CIRCUIT COURT FOR ARLINGTON COUNTY, VIRGINIA AND ANY OTHER COURT WITHIN THE COMMONWEALTH OF VIRGINIA.

BORROWER UNDERSTANDS THAT THIS WAIVER IS A WAIVER OF A CONSTITUTIONAL SAFEGUARD, AND EACH PARTY INDIVIDUALLY BELIEVES THAT THERE ARE SUFFICIENT ALTERNATE PROCEDURAL AND SUBSTANTIVE SAFEGUARDS, INCLUDING, A TRIAL BY AN IMPARTIAL JUDGE, THAT ADEQUATELY OFFSET THE WAIVER CONTAINED HEREIN.

UPON THE OCCURRENCE OF AN EVENT OF DEFAULT HEREUNDER OR UNDER THE LOAN AGREEMENT, LEAD LENDER MAY CONFESS JUDGMENT AGAINST BORROWER AS PROVIDED HEREIN. UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT HEREUNDER, BORROWER HEREBY AUTHORIZES AND EMPOWERS THE CLERK OF ANY COURT OF RECORD IN THE COMMONWEALTH OF VIRGINIA, INCLUDING BUT NOT LIMITED TO THE CLERK OF THE CIRCUIT COURT FOR THE COUNTY OF ARLINGTON TO ENTER JUDGMENT BY CONFESSION AGAINST BORROWER IN FAVOR OF LEAD LENDER FOR THE FULL AMOUNT DUE AND PAYABLE UNDER THE FINANCING AGREEMENTS AND SECURED BY THE LOAN AGREEMENT, TOGETHER WITH ALL PERMITTED FEES AND INTEREST, AS EVIDENCED BY AN AFFIDAVIT SIGNED BY AN OFFICER OF LEAD LENDER SETTING FORTH THE AMOUNT THEN DUE, TOGETHER WITH REASONABLE ATTORNEYS' FEES AND COLLECTION COSTS INCURRED BY LEAD LENDER AS PROVIDED IN THIS INSTRUMENT, TO THE EXTENT PERMITTED BY LAW, EXPRESSLY WAIVING SUMMONS AND OTHER PROCESS, AND DOES HEREBY CONSENT TO THE IMMEDIATE EXECUTION OF SUCH JUDGMENT, EXPRESSLY WAIVING THE BENEFIT OF ALL EXEMPTION OR HOMESTEAD LAWS.

BORROWER HEREBY CONSTITUTES AND APPOINTS JODIE E. BUCHMAN, ESQ., PIERCE C. MURPHY, ESQ., OF SILVERMAN, THOMPSON, SLUTKIN & WHITE, 400 E PRATT ST, SUITE 900, BALTIMORE, MD, 21202, OR A DULY APPOINTED SUBSTITUTE AS THE TRUE AND LAWFUL ATTORNEY-IN-FACT FOR BORROWER AND ALL PERSONS CLAIMING THROUGH OR UNDER BORROWER TO SIGN AN AGREEMENT FOR ENTERING IN ANY COMPETENT COURT AN AMICABLE ACTION IN EJECTMENT FOR POSSESSION OF THE COLLATERAL AND/OR TO APPEAR IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF ARLINGTON COUNTY,VIRGINIA, OR ANY COURT OF COMPETENT JURISDICTION AND TO CONFESS JUDGMENT AGAINST BORROWER, AND ALL PERSONS CLAIMING UNDER OR THROUGH BORROWER IN FAVOR OF LEAD LENDER, FOR WHICH THIS NOTE, OR A COPY THEREOF VERIFIED BY AFFIDAVIT, SHALL BE SUFFICIENT WARRANT; WHEREUPON A WRIT OF POSSESSION MAY IMMEDIATELY ISSUE FOR POSSESSION OF THE COLLATERAL, WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER AND WITHOUT ANY STAY OF EXECUTION. LEAD LENDER MAY BRING AN AMICABLE ACTION IN EJECTMENT AND/OR CONFESS JUDGMENT THEREIN EITHER BEFORE OR AFTER THE INSTITUTION OF PROCEEDINGS TO ENFORCE THIS NOTE AND/OR AFTER ENTRY OF JUDGMENT ON THIS NOTE, OR AFTER A PUBLIC SALE OF THE COLLATERAL IN WHICH LEAD LENDER IS THE SUCCESSFUL BIDDER.

BORROWER HEREBY RATIFIES AND CONFIRMS ALL THAT SAID ATTORNEY OR ATTORNEYS MAY DO PURSUANT TO THE FOREGOING POWER. PURSUANT TO SECTION 8.01-435 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED, BORROWER IS HEREBY NOTIFIED THAT A SUBSTITUTE ATTORNEY-IN-FACT UNDER THIS PARAGRAPH MAY BE APPOINTED BY THE LEAD LENDER, OBLIGEE, OR PERSON OTHERWISE ENTITLED TO PAYMENT UNDER THIS AGREEMENT BY RECORDING AN INSTRUMENT NAMING SUCH SUBSTITUTE ATTORNEY-IN- FACT IN THE CLERK'S OFFICE WHERE JUDGMENT IS TO BE CONFESSED.

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[Signature Page to Follow}

IN WITNESS WHEREOF, Borrower caused this Note to be duly executed under seal by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

_____

By: CLAYTON JAMES HAYNES
Date: November 8, 2024

STATE:
COUNTY OF:

I hereby certify that on_____, before me, the undersigned, Notary Public in and for the State of California, at large, personally appeared CLAYTON JAMES HAYNES, individually and as the CFO of SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation("**Parent**") and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the foregoing on behalf of himself individually, SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation ("**Parent**") and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation for the purposes set forth therein.

(Seal)
Notary Public _____

My Commission Expires: Registration Number:

EXHIBIT E

PREPAYMENT AMENDMENT

Upon the prepayment of any principal amount, Borrower shall be obligated to pay a Prepayment Fee comprising make-whole premium payment on account of such principal so paid, which Prepayment Fee shall be equal to the aggregate and actual amount of interest (at the contract rate of interest) that would be paid through the Maturity Date

Calendar Days After Funding	Payoff Amount
30 Days	**$2,312,500.00**
45 Days	**$2,405,000.00**
60 Days	**$2,497,500.00**

Exhibit 10.18

CONFESSED JUDGMENT SECURED PROMISSORY NOTE

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CONFESSED JUDGMENT SECURED PROMISSORY NOTE

$1,850,000.00 Dated: November 8, 2024

FOR VALUE RECEIVED, the undersigned SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation ("**Parent**" or "**Borrower**") and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation, individually and collectively, jointly and severally, "**Guarantors**"), HEREBY JOINTLY AND SEVERALLY PROMISE TO PAY to the order of Agile Lending, LLC, or its designees or assigns ("**Lead Lender**") the principal amount of ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS ($1,850,000.00) or such lesser amount as shall equal the outstanding principal balance of the Term Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term Loan, at the rates and in accordance with the terms of the Business Loan and Security Agreement dated November 8, 2024, by and among Borrower, Lender, Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

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BORROWER HEREBY CONSTITUTES AND APPOINTS JODIE E. BUCHMAN, ESQ., PIERCE C. MURPHY, ESQ., OF SILVERMAN, THOMPSON, SLUTKIN & WHITE, 400 E PRATT ST, SUITE 900, BALTIMORE, MD, 21202, OR A DULY APPOINTED SUBSTITUTE AS THE TRUE AND LAWFUL ATTORNEY-IN-FACT FOR BORROWER AND ALL PERSONS CLAIMING THROUGH OR UNDER BORROWER TO SIGN AN AGREEMENT FOR ENTERING IN ANY COMPETENT COURT AN AMICABLE ACTION IN EJECTMENT FOR POSSESSION OF THE COLLATERAL AND/OR TO APPEAR IN THE CLERK'S OFFICE OF THE CIRCUIT COURT OF ARLINGTON COUNTY,VIRGINIA, OR ANY COURT OF COMPETENT JURISDICTION AND TO CONFESS JUDGMENT AGAINST BORROWER, AND ALL PERSONS CLAIMING UNDER OR THROUGH BORROWER IN FAVOR OF LEAD LENDER, FOR WHICH THIS NOTE, OR A COPY THEREOF VERIFIED BY AFFIDAVIT, SHALL BE SUFFICIENT WARRANT; WHEREUPON A WRIT OF POSSESSION MAY IMMEDIATELY ISSUE FOR POSSESSION OF THE COLLATERAL, WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER AND WITHOUT ANY STAY OF EXECUTION. LEAD LENDER MAY BRING AN AMICABLE ACTION IN EJECTMENT AND/OR CONFESS JUDGMENT THEREIN EITHER BEFORE OR AFTER THE INSTITUTION OF PROCEEDINGS TO ENFORCE THIS NOTE AND/OR AFTER ENTRY OF JUDGMENT ON THIS NOTE, OR AFTER A PUBLIC SALE OF THE COLLATERAL IN WHICH LEAD LENDER IS THE SUCCESSFUL BIDDER.

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[Signature Page to Follow}

IN WITNESS WHEREOF, Borrower caused this Note to be duly executed under seal by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

/s/ Clayton Haynes
By: CLAYTON JAMES HAYNES
Date: November 8, 2024

STATE:
COUNTY OF:

I hereby certify that on_____, before me, the undersigned, Notary Public in and for the State of California, at large, personally appeared CLAYTON JAMES HAYNES, individually and as the CFO of SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation("**Parent**") and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the foregoing on behalf of himself individually, SUPER LEAGUE ENTERPRISE, INC., A Domestic Delaware Corporation ("**Parent**") and its subsidiaries, INPVP, LLC, A Domestic Delaware Corporation for the purposes set forth therein.

(Seal)
Notary Public _____

My Commission Expires: Registration Number:

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ann Hand, Chief Executive Officer of Super League Enterprise, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Super League Enterprise, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

/s/ Ann Hand
Ann Hand
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clayton Haynes, Chief Financial Officer of Super League Enterprise, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Super League Enterprise, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

/s/ Clayton Haynes
Clayton Haynes
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Super League Enterprise, Inc. (the "*Company*") on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Ann Hand, Chief Executive Officer of the Company, and Clayton Haynes, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2024

/s/ *Ann Hand*
Ann Hand
Chief Executive Officer
(Principal Executive Officer)

/s/ *Clayton Haynes*
Clayton Haynes
Chief Financial Officer
(Principal Financial and Accounting Officer)