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 **June 30, 2025**

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.)

2450 Colorado Ave., Suite 100E
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 August 10, 2025, there were 1,078,043 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
(In U.S. dollars, rounded to the nearest thousands, except share and per share data)
(Unaudited)

	June 30, 2025	December 31, 2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 475,000	$ 1,310,000
Accounts receivable, net	2,337,000	3,766,000
Prepaid expense and other current assets	922,000	677,000
Total current assets	3,734,000	5,753,000
Property and equipment, net	14,000	24,000
Intangible assets, net	2,849,000	4,070,000
Goodwill	1,864,000	1,864,000
Total assets	$ 8,461,000	$ 11,711,000
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 5,461,000	$ 5,282,000
Accrued contingent consideration	116,000	138,000
Promissory note - contingent consideration	1,700,000	1,735,000
Contract liabilities	1,036,000	50,000
Secured loan – SLR Facility	-	24,000
Promissory notes payable and accrued interest	2,557,000	1,707,000
Promissory notes payable and accrued interest – related party	1,473,000	1,509,000
Total current liabilities	12,343,000	10,445,000
Deferred taxes	161,000	161,000
Warrant liability	74,000	935,000
Total liabilities	12,578,000	11,541,000
Commitments and Contingencies (Note 7)		
Stockholders' (Deficit) Equity		
Preferred stock, par value $0.001 per share; 10,000,000 shares authorized; 16,426 and 17,499 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	-	-
Common stock, par value $0.001 per share; 400,000,000 shares authorized; 884,699 and 405,610 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	78,000	94,000
Additional paid-in capital	272,954,000	270,111,000
Accumulated deficit	(277,149,000)	(270,035,000)
Total stockholders' (deficit) equity	(4,117,000)	170,000
Total liabilities and stockholders' (deficit) equity	$ 8,461,000	$ 11,711,000

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 June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
REVENUE	$ 3,001,000	$ 4,116,000	$ 5,719,000	$ 8,325,000
COST OF REVENUE	1,692,000	2,470,000	3,214,000	4,947,000
GROSS PROFIT	1,309,000	1,646,000	2,505,000	3,378,000
OPERATING EXPENSE				
Selling, marketing and advertising	2,107,000	2,633,000	4,499,000	4,909,000
Engineering, technology and development	694,000	792,000	1,623,000	2,491,000
General and administrative	1,653,000	2,520,000	3,173,000	4,623,000
Contingent consideration	-	(206,000)	(14,000)	53,000
Total operating expense	4,454,000	5,739,000	9,281,000	12,076,000
NET OPERATING LOSS	(3,145,000)	(4,093,000)	(6,776,000)	(8,698,000)
OTHER INCOME (EXPENSE)				
Gain on sale of intangible assets	100,000	-	343,000	144,000
Change in fair value of warrant liability	144,000	1,667,000	861,000	906,000
Interest expense, including change in fair value of debt accounted for at fair value	181,000	(15,000)	(1,221,000)	(33,000)
Other expense, net	(63,000)	(14,000)	(220,000)	(34,000)
Total other income (expense)	362,000	1,638,000	(237,000)	983,000
Loss before benefit from income taxes	(2,783,000)	(2,455,000)	(7,013,000)	(7,715,000)
Provision for income taxes	-	-	-	-
NET LOSS	$ (2,783,000)	$ (2,455,000)	$ (7,013,000)	$ (7,715,000)
Net loss attributable to common stockholders - basic and diluted[1]				
Basic and diluted net loss per common share	$ (4.52)	$ (24.01)	$ (13.40)	$ (62.17)
Weighted-average number of common shares outstanding, basic and diluted	637,877	168,533	531,083	149,776

(1) Refer to Note 1 for information regarding Reverse Stock Split effective June 23, 2025

See accompanying notes to condensed consolidated financial statements

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

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Preferred stock (Shares):				
Balance, beginning of period	16,669	22,078	17,499	23,656
Issuance of Series AAA Junior preferred stock at $1,000 per share		1,210	-	1,210
Conversion of Series A preferred stock to common stock	-	-	-	(475)
Conversion of Series AA preferred stock to common stock	(60)	(100)	(840)	(363)
Conversion of Series AAA preferred stock to common stock	(100)	(330)	(150)	(1,170)
Conversion of Series AAA Junior preferred stock to common stock	(83)	-	(83)	-
Balance, end of period	16,426	22,858	16,426	22,858
Preferred stock (Amount, at Par Value):				
Balance, beginning of period	$ -	$ -	$ -	$ -
Issuance of Series AAA 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	-	-	-	-
Conversion of Series AAA Junior preferred stock to common stock	-	-	-	-
Balance, end of period	$ -	$ -	$ -	$ -
Common stock (Shares):				
Balance, beginning of period	445,738	149,573	405,610	119,353
Issuances of common stock, net of issuance costs	397,591	-	397,547	-
Common stock issued in connection with ELOC	-	-	17,926	-
Commitment Shares – ELOC	-	-	7,500	-
Common stock issued for Melon Acquisition	895	1,803	895	1,803
Common stock issued for Super Biz Acquisition / Super Biz Note	-	767	6,563	767
Preferred stock dividends paid – common stock	7,891	15,621	7,945	15,675
Conversion of Series A preferred stock	-	-	1,759	1,140
Conversion of Series AA preferred stock	794	1,326	794	4,812
Conversion of Series AAA preferred stock	1,494	4,904	2,241	17,449
Conversion of Series AAA Junior preferred stock	1,660	-	1,660	-
Stock-based compensation	28,338	208	33,918	703
Issuance of common stock in settlement of legal matter	-	6,875	-	19,375
Other	298	-	341	-
Balance, end of period	884,699	181,077	884,699	181,077
Common stock (Amount)(1):				
Balance, beginning of period	$ 95,000	$ 83,000	$ 94,000	$ 81,000
Issuances of common stock, net of issuance costs	16,000	-	16,000	-
Reverse stock split	(34,000)	-	(34,000)	-
Common stock issued in connection with ELOC	-	-	1,000	-
Conversion of Series A, AA and AAA preferred stock	-	1,000	-	2,000
Preferred stock dividends paid – common stock	-	1,000	-	1,000
Common stock issued for Melon Acquisition	-	-	-	-
Common stock issued for Super Biz Acquisition	-	-	-	-
Stock-based compensation	1,000	-	1,000	-
Issuance of common stock in settlement of legal matter	-	-	-	1,000
Balance, end of period	$ 78,000	$ 85,000	$ 78,000	$ 85,000
Additional paid-in-capital:				
Balance, beginning of period	$ 270,710,000	$ 260,183,000	$ 270,111,000	$ 258,923,000
Issuances of common stock, net of issuance costs	1,545,000	-	1,545,000	-
Reverse stock split	34,000	-	34,000	-
Common stock issued in connection with ELOC	-	-	231,000	-
Commitment Shares – ELOC	-	-	138,000	-
Issuance of Series AAA Junior preferred stock at $1,000 per share, net of cash and noncash issuance costs	-	751,000	-	751,000
Series AAA Junior preferred stock noncash issuance costs – incremental fair value in connection with modifications to certain existing AIRs	-	294,000	-	294,000
Preferred stock dividends paid – common stock	100,000	862,000	101,000	866,000
Common stock issued for Melon Acquisition	8,000	90,000	8,000	90,000
Common stock issued for Super Biz Acquisition	-	38,000	-	38,000
Stock-based compensation	326,000	298,000	555,000	630,000
Prepaid consultant costs and other	231,000	221,000	231,000	221,000
Issuance of common stock and incremental fair value in connection with modifications to certain existing AIRs in settlement of legal matter	-	559,000	-	1,483,000
Balance, end of period	$ 272,954,000	$ 263,296,000	$ 272,954,000	$ 263,296,000
Accumulated Deficit:				
Balance, beginning of period	$ (274,266,000)	$ (254,278,000)	$ (270,035,000)	$ (249,014,000)
Preferred stock dividends paid – common stock	(100,000)	(1,592,000)	(101,000)	(1,596,000)
Net Loss	(2,783,000)	(2,455,000)	(7,013,000)	(7,715,000)

Balance, end of period	$ (277,149,000)	$ (258,325,000)	$ (277,149,000)	$ (258,325,000)
Total stockholders' (deficit) equity	$ (4,117,000)	$ 5,056,000	$ (4,117,000)	$ 5,056,000

(1) Refer to Note 1 for information regarding Reverse Stock Split effective June 23, 2025

See accompanying notes to condensed consolidated financial statements

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

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (7,013,000)	$ (7,715,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,091,000	1,320,000
Stock-based compensation	759,000	630,000
Change in fair value of warrant liability	(861,000)	(906,000)
Change in fair value of contingent consideration	(91,000)	(90,000)
Change in fair value of debt	392,000	-
Gain on sale of Mineville Assets	(152,000)	(144,000)
Fair value of noncash legal settlement and other noncash charges	-	724,000
Changes in operating assets and liabilities:		
Accounts receivable	773,000	2,801,000
Prepaid expense and other current assets	(74,000)	261,000
Accounts payable and accrued expense	103,000	(2,850,000)
Accrued contingent consideration	-	(107,000)
Contract liabilities	986,000	24,000
Accrued interest on note payable	92,000	-
Net cash used in operating activities	(3,995,000)	(6,052,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of Mineville Assets	350,000	-
Proceeds from sale of Minehut Assets	656,000	-
Capitalization of software development costs	(200,000)	(284,000)
Other purchases of intangible assets	(10,000)	-
Net cash provided by (used in) investing activities	796,000	(284,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of preferred stock, net of issuance costs	-	1,045,000
Proceeds from issuance of common stock, net of issuance costs	1,945,000	-
Proceeds from notes payable, net of debt issuance costs	4,011,000	-
Payments on notes payable	(3,518,000)	-
Advances from accounts receivable facility	429,000	672,000
Payments on accounts receivable facility	(453,000)	(1,273,000)
Contingent consideration payments – Super Biz Acquisition	(50,000)	-
Contingent consideration payments – Melon Acquisition	-	(32,000)
Net cash provided by financing activities	2,364,000	412,000
NET DECREASE IN CASH	(835,000)	(5,924,000)
Cash and Cash Equivalents – beginning of period	1,310,000	7,609,000
Cash and Cash Equivalents – end of period	$ 475,000	$ 1,685,000
Cash paid for interest	1,274,000	18,000
SUPPLEMENTAL NONCASH, INVESTING AND FINANCING ACTIVITIES		
Commitment shares issued in connection with ELOC	159,000	-
Common stock issued in connection with Super Biz Note	336,000	-
Common stock issued in connection with Melon Contingent Consideration	8,000	-

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 how brands connect with consumers through the power of playable media. Through solutions within mobile games and the world's largest immersive gaming platforms, Super League provides global brands with ads, content, and experiences that are not only seen – they are played, felt, and remembered. Boasting an award-winning development studio, a vast network of native creators, and proprietary engagement technology, Super League is a one-of-a-kind partner for brands looking to stand out in culture, spark loyalty, and drive meaningful impact. In a world where attention is earned, Super League makes brands relevant - by making them playable.

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

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.

All references to "Note," followed by a number reference refer to the applicable corresponding numbered footnotes to these condensed consolidated financial statements. References to the "SEC" refer to the United States Securities and Exchange Commission.

Reverse Common Stock Split

On June 17, 2025, the Company filed a Certificate of Amendment (the "June 2025 Amendment") to its Charter, which became effective as of June 23, 2025, to effect a reverse stock split of the Company's issued and outstanding shares of common stock at a ratio of 1-for-40 (the "Reverse Split"). The Reverse Split was approved by the Company's Board on June 2, 2025, and approved by the stockholders of the Company on June 9, 2025. Refer to Note 6 below for additional information regarding the Reverse Split.

All references to common stock, warrants to purchase common stock, options to purchase common stock, restricted stock, preferred stock conversion shares, common stock underlying additional investment rights, 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.

Sale of Mineville

On May 19, 2025, the Company entered into a Membership Interest Purchase and Sale Agreement (the "Mineville Purchase Agreement") with Mineville, LLC, a Delaware limited liability company ("Purchaser"), pursuant to which the Company agreed to sell, and Purchaser agreed to purchase, 100% of the membership interests (the "Interests") of InPvP, LLC ("InPvP"). Prior to the consummation of the transactions (the "Mineville Closing") contemplated by the Mineville Purchase Agreement (the "Mineville Sale"), InPVP was a wholly owned subsidiary of the Company that operated our Mineville digital property. The closing of the Mineville Sale occurred simultaneously with the execution of the Mineville Purchase Agreement. The Purchaser paid cash consideration totaling $350,000 at the Mineville Closing to acquire the Interests.

The parties also agreed upon separate terms for an ongoing commercial relationship whereby the Company was granted the rights to ad sales and brand integration (the "Sales Rights") to all of Purchaser's Microsoft servers for a term of two years (the "Sales Term"). The Company will have exclusive Sales Rights for the first year of the Sales Term, and during the second year the Sales Rights will be non-exclusive. During the Sales Term, the revenue generated from the Sales Rights will be allocated among the Company and Purchaser as follows: (i) the Company will retain 60% of the net revenue until gross sales revenue exceeds $1.0 million; (ii) after gross sales revenue exceed $1.0 million, the Company will retain 50% of the net revenue through the remainder of the Sales Term; and (iii) if gross sales revenue exceeds $1.5 million during the Sales Term, the Sales Term shall renew automatically for one additional year on the same terms as the second year of the Sales Term.

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. 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 ("Minehut 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.

NASDAQ Listing Rule 5550(a)(2)

On July 8, 2025, we received a written notice from The Nasdaq Stock Market ("Nasdaq") informing us that the Company has regained compliance with the minimum bid price requirement under NASDAQ Listing Rule 5550(a)(2) (the "Rule") for continued listing on the Nasdaq Capital Market.

Previously, on January 2, 2025, we received a letter (the "Bid Price Letter") from the Listing Qualifications Staff of Nasdaq indicating that, based upon the closingbid priceof the Company's Common Stock, for 30 consecutive business days, the Company was not then currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2).

NASDAQ Listing Rule 5620(a)

On June 11, 2025, we received a written notice from Nasdaq informing us that the Company has regained compliance with the annual meeting requirement under NASDAQ Listing Rule 5620(a) (the "Annual Meeting Rule") for continued listing on the Nasdaq Capital Market

Previously, on January 3, 2025, the Company received a letter (the "Annual Meeting Letter") from Nasdaq indicating that the Company no longer complied with the Annual Meeting Rule since it did not hold an annual meeting of stockholders within twelve months of the end of the Company's fiscal year ended December 31, 2023.

Nasdaq Listing Rule 5550(b)(1)

On April 7, 2025, the Company received a letter (the "Stockholder Deficiency Letter") from Nasdaq, notifying the Company that it is not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires the Company to maintain a minimum of $2,500,000 in stockholders' equity for continued listing on The Nasdaq Capital Market (the "Stockholders' Equity Requirement"). The Stockholder Deficiency Letter also indicated that the Company does not meet the alternative compliance standards of market value of listed securities or net income from continuing operations. The Company's failure to comply with the Stockholders' Equity Requirement was based on the Company's filing of its Annual Report on Form 10-K for the year ended December 31, 2024, reporting the stockholders' equity of $ 170,000. The Company prepared and submitted a plan of compliance (which was due within 45 calendar days from receipt of the formal notice) to Nasdaq.

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, 2024 included in our Annual Report on Form 10-K for the year ended December 31, 2024, as amended, filed with the SEC on March 31, 2025.

The December 31, 2024 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 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 June 30, 2025, and results of its operations and its cash flows for the interim periods presented. The results of operations for the three and six months ended June 30, 2025 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 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' (deficit) 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, accounting for business combinations and related contingent consideration, derecognition of assets, accounting for debt, including estimates and assumptions used to calculate the fair value of debt instruments, accounting for debt modifications, accounting for derivatives, including estimates and assumptions used to calculate the fair value of derivative 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 as reported in the accompanying condensed consolidated statements of operations for the periods presented, and had an accumulated deficit of $277.1 million as of June 30, 2025. For the six months ended June 30, 2025 and 2024, net cash used in operating activities totaled $4.0 million and $6.1 million, respectively.

The Company had cash and cash equivalents of $0.48 million and $1.3 million as of June 30, 2025 and December 31, 2024, 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. The Company has and will continue to use significant capital for the growth and development of its business, and, as such, expects 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 planned operations. Accordingly, the Company's results of operations and the implementation of its 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 the Company's 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 the Company 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, "Presentation of Financial Statements - Going Concern," ("ASC 205").

Management's Plans

During the current and prior fiscal year, the Company continued its focus on the expansion of its 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 the Company's growth and execute our business strategy, including strategic partnerships and/or other forms of equity or debt financings.

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 condensed 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.

The Company may continue to evaluate potential strategic acquisitions. To finance such strategic acquisitions, it may be 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 the Company fails to obtain additional financing when needed, the Company may not be able to execute its business plans which, in turn, would have a material adverse impact on the Company's financial condition, ability to meet our obligations, and ability to pursue our business strategies.

Equity Financings

Refer to Note 6 for information on equity financings completed during the three and six months ended June 30, 2025.

Exchange Agreements

Preferred Stock Exchange Agreements

On July 7, 2025, the Company entered into an Exchange Agreement with the Michael Keller Trust (the "Trust"), pursuant to which the Company and the Trust agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to the Trust, dated November 19, 2024, with the principal and interest thereon being equal to $1,878,082, the Trust would be granted (a)1,500,000 shares of Series AAAA Jr. Convertible Preferred Stock, and (b) cash payments totaling $378,002, such payments to be made in equal monthly installments of approximately $63,000, commencing on October 15, 2025, and concluding on March 15, 2026 (the "Trust Agreement")

On July 8, 2025, the Company entered into Exchange Agreements with: (i) Ben Khakshoor, pursuant to which the Company and Mr. Khakshoor agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Mr. Khakshoor, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $711,361, Mr. Khakshoor will be issued 711,361 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Khakshoor Agreement"); (ii) Sam Drozdov, pursuant to which the Company and Mr. Drozdov agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Mr. Drozdov, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $711,361, Mr. Drozdov would be granted 711,361 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Drozdov Agreement"); and (iii) Firepit Partners Co. ("Firepit"), pursuant to which the Company and Firepit agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Firepit, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $474,242, Firepit would be granted 474,242 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Firepit Agreement", and collectively with the Khakshoor Agreement and Drozdov Agreement, the "Preferred Exchange Agreements").

Common Stock Exchange Agreement

On July 10, 2025, the Company entered into an Exchange Agreement (the "Exchange Agreement", and collectively with the Preferred Exchange Agreements, the "Exchange Agreements") with Agile Capital Funding, LLC (the "Collateral Agent"), and Agile Lending, LLC (collectively with the Collateral Agent, "Agile"), pursuant to which the Company and Agile agreed that in exchange for the surrender and forgiveness of that certain Secured Promissory Note issued to Agile, dated February 7, 2025, with the remaining amount of principal and interest thereunder being $1,331,250, Agile received (a) 44,128 shares of common stock (the "Exchange Shares"), (b) pre-funded warrants to purchase 173,023 shares of common stock (the "Pre-Funded Warrants", and collectively with the Exchange Shares, the "Exchange Securities"), with the Exchange Securities to be valued at a price of $5.67, such amount above the Nasdaq Minimum Price, and (c) four equal cash payments of $25,000 to Agile, totaling $100,000, beginning on July 10, 2025, and every seven days thereafter.

Equity Line of Credit

Equity Purchase Agreement

On July 10, 2025 (the "Execution Date"), the Company, entered into an equity purchase agreement ("Equity Purchase Agreement") with Yield Point NY, LLC (the "Investor"). Under the Equity Purchase Agreement, the Company has the right, but not the obligation, to direct the Investor to purchase up to $20,000,000 (the "Maximum Commitment Amount") in shares of common stock of the Company upon satisfaction of certain terms and conditions contained in the Equity Purchase Agreement, including, without limitation, an effective registration statement filed with SEC registering the resale of the shares of Put Stock (defined below) and the shares of Commitment Stock (defined below) and additional shares to be sold to the Investor from time to time under the Equity Purchase Agreement. The term of the Equity Purchase Agreement began on the Execution Date and ends on the earlier of (i) the date on which the Investor shall have purchased shares of common stock issued, or that the Company shall be entitled to issue, per any applicable Put Notice in accordance with the terms and conditions of the Equity Purchase Agreement (the "Put Stock") equal to the Maximum Commitment Amount (as defined in the Equity Purchase Agreement), (ii) the date that is thirty-six (36) months from the date the registration statement is declared effective, (iii) written notice of termination by the Company to the Investor (which shall not occur at any time that the Investor holds any of the shares of Put Stock, or within 30 days of the sale to the Investor of Put Stock), or (iv) written notice of termination by the Investor to the Company (the "Commitment Period").

During the Commitment Period, the Company may direct the Investor to purchase shares of Put Stock by delivering a notice (a "Put Notice") to the Investor. The Company shall, in its sole discretion, select the number of shares of Put Stock requested by the Company in each Put Notice. However, such amount may not exceed the Maximum Put Amount (as defined in the Equity Purchase Agreement). The purchase price to be paid by the Investor for the shares of Put Stock will be ninety-two percent (92%) of the lowest VWAP for a trading day on the Principal Market during the Valuation Period (as defined in the Equity Purchase Agreement).

In consideration for the Investor's execution and delivery of, and performance under the Equity Purchase Agreement, on the Execution Date, the Company in its discretion shall either (i) pay to the Investor in cash $600,000 ("Commitment Cash") or (ii) issue pre-funded warrants to purchase common stock (the "Pre-Funded Warrant") to the Investor in a form acceptable to the Investor in its sole discretion and having an exercise price per share of $0.001 (the "Commitment Stock") having a value of $600,000 based on closing price of the common stock on July 9, 2025. All of the shares of Commitment Stock were fully earned as of the Execution Date, and the issuance of the shares of Commitment Stock is not contingent upon any other event or condition, including, without limitation, the effectiveness of the Initial Registration Statement (defined below) or the Company's submission of a Put Notice to the Investor and irrespective of any termination of the Equity Purchase Agreement.

Under the Equity Purchase Agreement, the Company was obligated to file with the SEC, on or before August 10, 2025, a registration statement on Form S-1 (the "Initial Registration Statement") covering only the resale of the shares of Put Stock and Commitment Stock and to use its best efforts to have the Initial Registration declared effective no later than October 10, 2025. The Company filed the Initial Registration Statement on July 17, 2025, but such Initial Registration Statement is not yet effective.

The Equity Purchase Agreement contains customary representations, warranties, agreements, and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, the Investor represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act")).

Pre-Funded Warrant

The Pre-Funded Warrant certifies that, for value received, the Investor is entitled to be issued up to $600,000 shares of common stock and has an initial exercise price of $0.001 per share. The pre-funded warrants may not be exercised if the aggregate number of shares of the common stock beneficially owned by the holder would exceed 4.99% immediately after exercise thereof, which ownership cap may be increased by the holder up to 9.99% upon 61 days' prior notice.

Registration Rights Agreement

On July 10, 2025 (the "RRA Execution Date"), in connection with the Equity Purchase Agreement, the Company entered into a registration rights agreement with the Investor (the "Registration Rights Agreement"), pursuant to which the Company shall, by August 10, 2025, file with the SEC the Initial Registration Statement covering the maximum number of (i) shares of Commitment Stock, (ii) shares of Put Stock, which have been, or which may, from time to time be issued, including without limitation all of the shares of common stock which have been issued or will be issued to the Investor under the Equity Purchase Agreement (without regard to any limitation or restriction on purchases), and (iii) any and all shares of capital stock issued or issuable with respect to the Put Stock, Commitment Stock, and the Equity Purchase Agreement as a result of any stock split, combination, stock dividend, recapitalization, exchange, or similar event, or otherwise, without regard to any limitation on purchases under the Equity Purchase Agreement (the "Registrable Securities"), as shall be permitted to be included thereon in accordance with applicable SEC rules, regulations, and interpretations so as to permit the resale of the Registrable Securities by the Investor, including, but not limited to, under Rule 415 at then-prevailing market prices (and not fixed prices). The Initial Registration Statement shall register only Registrable Securities. The Company shall use its commercial best efforts to have the Initial Registration Statement and any amendment thereto declared effective by the SEC at the earliest possible date, but in no event later than October 10, 2025.

Private Placement Offering

On July 10, 2025, the Company entered into a securities purchase agreement (the "Purchase Agreement") with the Investor, pursuant to which the Company agreed to sell (the "Offering") up to (i) an aggregate principal amount of $4,494,382 in 8% Senior Secured Convertible Notes, maturing eighteen (18) months after the issue date, with original issue discount of 11%, convertible into shares of common stock of the Company at a conversion price of $6.815 per share, and if not converted then amortized over the final twelve (12) months concluding on the maturity date, and (ii) Common Stock Purchase Warrants to purchase 659,968 shares of common stock at an exercise price of $5.361 per share (the "Warrants"). The Company received $4,000,000 in gross proceeds from the Offering.

Securities Purchase Agreement

The Purchase Agreement contains representations and warranties of the Company and the Investors which are typical for transactions of this type. In addition, the Purchase Agreement contains customary covenants on the Company's part that are typical for transactions of this type, as well as the following additional covenants: (i) for as long as the Notes remain outstanding, the Company agreed not to effect or enter into an Equity Line of Credit or agreement to effect any issuance by the Company or any of its subsidiaries involving a variable rate transaction; (ii) the Company agreed to offer to the Investors, for so long as any amount in excess of $1,500,000 remains outstanding on the Note, the opportunity to participate in an amount equal to 25% in any subsequent securities offerings by the Company; (iii) the Company agreed to hold a stockholder meeting within 90 days of the date of the Agreement at which the Company will solicit the stockholders' affirmative vote for approval of the anti-dilution provisions described in the transaction documents in accordance with the applicable law and rules and regulations of Nasdaq.

The Purchase Agreement obligates the Company to indemnify the Investors and various related parties for certain losses including those resulting from (i) any misrepresentation or breach of any representation or warranty made by the Company, (ii) any breach of any obligation of the Company, and (iii) certain claims by third parties.

Convertible Notes and Warrants

The Convertible Notes are senior secured obligations of the Company and are secured by certain personal property of the Company, pursuant to a Security Agreement (as defined below). Unless earlier converted, the Convertible Notes will mature in January 2027. The Convertible Notes bear interest at a rate of 8% per annum, subject to increase in the event of default to the lesser of 18% per annum or the maximum rate permitted under applicable law. The Convertible Notes, including interest accrued thereon, are convertible at any time until a Convertible Note is no longer outstanding, in whole or in part, at the option of the holders into shares of common stock at a conversion price of $6.815 per share, subject to adjustment as set forth therein. The Convertible Notes have a beneficial ownership limitation such that none of the Investors have the right to convert any portion of their Convertible Notes if the Investor (together with its affiliates or any other persons acting together as a group with the Investor) would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock issuable upon conversion of such Convertible Notes, or, upon 61 days' prior written notice to the Company, 9.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock issuable upon conversion of such Convertible Notes. Commencing on the six-month anniversary of the date of the issuance of the Note, and on the same date every month thereafter, the Company shall make 12 equal amortization payments, with each payment being equal to one-twelfth of the initial principal amount, plus all accrued but unpaid interest.

The Convertible Notes also contain certain negative covenants, including prohibitions on the incurrence of indebtedness, liens, amendments to the Company's organizational documents, dividends, redemption, related party transactions and entry into any equity line of credit agreement or variable rate transactions. The Convertible Notes also contain standard and customary events of default including, but not limited to, failure to make payments when due, failure to observe or perform covenants or agreements contained in the Convertible Notes, existence of a default or event of default under any of the Transaction Documents (as defined in the Convertible Notes), the bankruptcy or insolvency of the Company or any of its subsidiaries and unsatisfied judgments against the Company.

The Warrants entitle the holders to purchase 659,968 shares of common stock, respectively. The Warrants are exercisable immediately and have a term of four years. The Warrants each have an exercise price of $5.361 per share, subject to adjustment as set forth therein.

The terms of the each of the Convertible Notes and the Warrants provide for anti-dilution protection for issuances of common stock at a price per share less than the price equal to the conversion price or exercise price, as applicable, subject to approval by the Company's stockholders.

The Convertible Notes, Warrants and the shares of common stock issuable upon conversion and exercise of the Convertible Notes and Warrants (the "Underlying Shares") have not been registered under the Securities Act and were issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder. Each Investor acquired the securities for investment and acknowledged that it is an accredited investor as defined by Rule 501 under the Securities Act. The Convertible Notes, Warrants and Underlying Shares may not be offered or sold in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

Registration Rights Agreement

In connection with the Purchase Agreement, the Company and the Investor entered into a Registration Rights Agreement (the "PIPE Registration Rights Agreement"), pursuant to which the Company has agreed to register the Underlying Shares on a registration statement on Form S-3 (the "Registration Statement") to be filed with the SEC within 30 days after the date of the issuance of the Convertible Notes and Warrants and to cause the Registration Statement to be declared effective under the Securities Act no later than 90 days after the date of the Purchase Agreement. If certain of the Company's obligations under the Registration Rights Agreement are not met, the Company is required to pay partial liquidated damages to the Investor. The Company filed the Registration Statement on August 11, 2025, but the Registration Statement is not yet effective.

Security Agreement

The Company also entered into a Security Agreement (the “Security Agreement”) with the Investor, as collateral agent, the Investor and such holders of the Convertible Notes as may be issued in the future (together with the Investors, the “Secured Parties”). Pursuant to the Security Agreement, the Secured Parties were granted a security interest in certain of the Company’s personal property to secure the payment and performance of all of the Company’s obligations under the Convertible Notes, Warrants, Purchase Agreement, Registration Rights Agreement and Security Agreement (together, the “Transaction Documents”).

Hudson Equity Line of Credit

On February 14, 2025, the Company entered into an equity purchase agreement (the “Hudson Equity Purchase Agreement”) with Hudson Global Ventures, LLC, a Nevada limited liability company (“Hudson”). Pursuant to the Hudson Equity Purchase Agreement, the Company had the right, but not the obligation, to sell to Hudson, and Hudson is obligated to purchase, up to $2.9 million of newly issued shares (the “Hudson Total Commitment”) of the Company’s common stock, from time to time during the term of the Hudson Equity Purchase Agreement, subject to certain limitations and conditions (the “Hudson Offering” or “Hudson ELOC”). As consideration for Hudson’s commitment to purchase shares of common stock under the Hudson Purchase Agreement, the Company issued to Hudson 7,500 shares of common stock, valued at $159,000, following the execution of the Hudson Equity Purchase Agreement (the “Hudson Commitment Shares”).

From and after the initial satisfaction of the conditions to our right to commence sales to Hudson under the Hudson Equity Purchase Agreement (such event, the “Hudson Commencement,” and the date of initial satisfaction of all such conditions, the “Hudson Commencement Date”), the Company was able to direct Hudson to purchase shares of common stock at a purchase price per share equal to the lesser of (i) 92% of the closing price of the Company’s common stock, as listed on Nasdaq, on the trading day immediately preceding the respective Put Date (the “Hudson Initial Purchase Price”), or (ii) 92% of the lowest closing price of the Company’s common stock on the Nasdaq Capital Market on any trading day during the period beginning on the Put Date (as defined in the Hudson Purchase Agreement) and continuing through the date that is three trading days immediately following the Clearing Date (as defined in the Hudson Purchase Agreement) associated with the applicable Hudson Put Notice (such three trading day period is the “Hudson Valuation Period”, and the price is the “Hudson Market Price”), on such date on which the Hudson Purchase Price is calculated in accordance with the terms of the Hudson Equity Purchase Agreement. The Company controlled the timing and amount of any such sales of common stock to Hudson.

During the three and six months ended June 30, 2025 the Company soldzero and 17,925 shares of common stock, respectively, under the Hudson ELOC at an average per share price of $13.60, raising net proceeds totaling $231,000. The Hudson Equity Purchase Agreement was terminated effective May 8, 2025. The Company utilized the net proceeds from the Hudson Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures.

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 goods or services. 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.

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.

Media and Advertising

Media and advertising revenue primarily consists of direct and reseller sales of our on-platform media (including off-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 month’s 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 operated a Minecraft server world for players playing the game on consoles and tablets. We were one of seven partner servers with Microsoft that, while “free to play,” monetize the players through in-game micro transactions. We generated in-game platform sales revenue from the sale of digital goods, including cosmetic items, durable goods, player ranks and game modes, leveraged the flexibility of the Microsoft Minecraft Bedrock platform, and powered by the InPvP cloud architecture technology platform. Revenue was generated when transactions were facilitated between Microsoft and the end user, either via in-game currency or cash.

InPvP revenues were generated from single transactions for various distinct digital goods sold to users in-game. Microsoft processed sales transactions and remited 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 included all revenue generated, make goods, and refunds of all transactions managed via the platform by Microsoft. Payments were made to the Company monthly based on the sales revenue generated on the platform.

Refer to "Sale of Mineville" below for information concerning the sale of InPvP, LLC in May 2025.

Revenue was comprised of the following for the three and six months ended June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Media and advertising	$ 1,476,000	$ 1,734,000	$ 2,748,000	$ 3,099,000
Publishing and content studio	1,391,000	2,204,000	2,658,000	4,742,000
Direct to consumer	134,000	178,000	313,000	484,000
	$ 3,001,000	$ 4,116,000	$ 5,719,000	$ 8,325,000
Revenue Recognition:				
Single point in time	42%	46%	41%	39%
Over time	58%	54%	59%	61%
Total	100%	100%	100%	100%

Contract assets totaled $166,000 at June 30, 2025 and $372,000 at December 31, 2024. Contract liabilities totaled $1,036,000 at June 30, 2025, $50,000 at December 31, 2024, and $399,000 at December 31, 2023

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenue recognized related to contract liabilities as of the beginning of the respective period	$ 10,000	$ 13,000	$ 10,000	$ 234,000

In accordance with FASB ASC Topic 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 FASB ASC Topic 606-10-50-14, as the performance obligations are part of contracts that have original durations 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 Revenues

Cost of revenues 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 six months ended June 30, 2025 was $4,000 and $22,000, respectively. Advertising expense for the three and six months ended June 30, 2024 were $13,000 and $56,000, 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. At each balance sheet date, the Company provides an allowance for potential credit losses based on its evaluation of the collectability and the customers' creditworthiness. The Company regularly reviews the allowance by considering factors such as the age of the receivable balances, historical experience, credit quality, current economic conditions, and reasonable forecasts of future economic conditions that may affect a customer's ability to pay. Accounts receivable are written off when they are determined to be uncollectible. As of June 30, 2025 and December 31, 2024, no allowance for expected credit losses was deemed necessary.

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 liabilities are required, or elected, to be recorded at fair value on a recurring basis in accordance with applicable guidance. As described in the notes below, certain promissory notes, 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 condensed 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 condensed consolidated balance sheets 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").

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. 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 FASB ASC Topic 350 "Intangibles – Goodwill and Other", 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Sales, marketing and advertising	$ 163,000	$ 132,000	$ 251,000	$ 254,000
Engineering, technology and development	8,000	6,000	13,000	17,000
General and administrative	305,000	160,000	495,000	359,000
Total noncash stock compensation expense	$ 476,000	$ 298,000	$ 759,000	$ 630,000

Approval of the 2025 Omnibus Equity Incentive Plan

On June 9, 2025, the stockholders of the Company approved the 2025 Omnibus Stock Incentive Plan (the "2025 Plan") which (i) reserves thereunder75,000 shares for issuance in the form of restricted stock units ("RSUs") and stock option grants ("Option Grants"), among other derivative securities, and (ii) provides for the integration of one hundred percent (100%) of the reserved shares available under the Company's existing 2014 Stock Option and Incentive Plan (the "2014 Plan") including (a) all shares of common stock reserved and unaffiliated with any issued and outstanding restricted stock units and stock option grants under the 2014 Plan totaling 3,708 shares, (b) all shares of common stock relating to unvested restricted stock units under the 2014 Plan totaling 3,204 shares, and (c) all shares of common stock relating to issued and outstanding stock option grants totaling 8,433. In connection with the adoption of the 2025 Plan, the Board also approved the cancellation of all issued and outstanding stock options under the 2014 Plan (2014 Plan Canceled Awards").

Concurrent with the cancellation of the 2014 Plan Canceled Awards the Board approved the issuance of70,900 equity awards under the 2025 Plan, comprised of40,104 stock options and 30,796 RSUs to employees with the following general terms: 1) exercise price of $5.08 per share for stock options, 2) shares of common stock associated with all RSUs valued at $5.08 per share, the closing price of the Company's common stock on the grant date, and 3) RSU and Option grants to vest at the rate of 1/24th per month in arrears ("2025 Exchanged Awards").

Unrecognized compensation expense related to the awards cancelled under the 2014 Plan totaled $408,000 which will be recognized prospectively over the remaining modified service period of 2 years. Total incremental compensation cost related to the 2025 Exchanged Awards totaled $307,000, $165,000 of which related to vested awards as of the modification date and was recognized as expense immediately in the statement of operations for the three months ended June 30, 2025, and $141,000 related to unvested awards which will be recognized prospectively over the remaining modified service period of2 years.

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 sheets. Deferred financing costs, included in prepaid expense and other current assets, at June 30, 2025 and December 31, 2024, totaled $63,000 and $64,000, respectively.

Specific incremental costs directly attributable to a proposed or actual debt offering are reported in the condensed consolidated balance sheets as a direct deduction from the face amount of the debt instrument. In the event that the proposed or actual debt financing is not completed, or is deemed not likely to be completed, such costs are expensed in the period that such determination is made. In the event that the Company elects to use the fair value option to account for debt instruments, all costs directly attributable to the debt offering are expensed as incurred in the condensed consolidated statements of operations. For the three and six months ended June 30, 2025, debt financing costs expensed as incurred in connection with debt financings totaled $7,000 and $139,000, respectively. For the three and six months ended June 30, 2024, debt financing costs expensed as incurred in connection with debt financings totaled $0 and $0, respectively.

Debt

Fair Value Option ("*FVO*"*) Election*

The Company accounted for certain promissory notes issued, as described at Note 5, under the fair value option election pursuant to ASC 825, "Financial Instruments," ("ASC 825") as discussed below. The promissory notes accounted for under the FVO election are each debt host financial instruments containing embedded features which would otherwise be required to be bifurcated from the debt-host and recognized as separate derivative liabilities subject to initial and subsequent periodic estimated fair value measurements under ASC 815. Notwithstanding, ASC 825 provides for the "fair value option" election, to the extent not otherwise prohibited by ASC 825, to be afforded to financial instruments, wherein bifurcation of an embedded derivative is not necessary, and the financial instrument is initially measured at its issue-date estimated fair value and then subsequently remeasured at estimated fair value on a recurring basis at each reporting period date. The estimated fair value adjustments, subsequent to the issuance date, as required by ASC 825, are recognized as a component of other comprehensive income ("OCI") with respect to the portion of the fair value adjustment attributed to a change in the instrument-specific credit risk, with the remaining amount of the fair value adjustment recognized as other income (expense) in the accompanying condensed consolidated statements of operations. With respect to the promissory notes described at Note 5, as provided for by ASC 825, the estimated fair value adjustments are presented in a respective single line item within other income (expense) in the accompanying condensed consolidated statements of operations, since the change in fair value of the convertible notes payable was not attributable to instrument specific credit risk. The estimated fair value adjustment is included in interest expense in the accompanying condensed consolidated statements of operations.

The fair value of the promissory notes described at Note 5 was estimated based on a calculation of the present value of the related cash flows (i.e. payments of principal and interest based on contractual agreement terms) using a discount rate that reflected market rates and related credit risk (Level 3 inputs). The FVO was elected for the promissory notes described at Note 5 due to the short term nature of the promissory notes and to provide relevant and timely information regarding the current market value of the debt, which is marked to market at each balance sheet date reflecting the effects of market fluctuations and other factors.

Significant judgements and estimates may be required in connection with the determination of whether or not to elect the FVO for specific assets and/or liabilities. In addition, significant judgements and estimates may be required in connection with the determination of appropriate discount rates utilized in connection with present value related valuation techniques. Discount rate assumptions typically reflect the estimated yield to maturity of the debt instrument, incorporating the estimated market-implied rate of return an investor would receive if they held the debt until maturity, and taking into account all future cash flows and the current market price; adjusted for credit risk and market conditions. In addition, judgements and estimates are required in connection with the determination of the portion of subsequent fair value adjustments relate to instrument-specific credit risk, which are reflected in OCI, and the portion of subsequent fair value adjustments that relate to changes in interests rates or other variables, which are reflected in the condensed consolidated statements of operations. Variations in any of these judgements and estimates could have a material impact on our financial results.

Debt Modifications

Modifications to debt obligations are initially analyzed to determine whether the modification qualifies as a troubled debt restructuring (“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 condensed consolidated statements of operations for the difference) or less (no gain is recorded in the condensed consolidated statements 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 condensed consolidated statements of operations.

In an early extinguishment of debt for which the fair value option has been elected, the net carrying amount of the extinguished debt is determined to be equal to its fair value at the reacquisition date. As such, there is no difference between the carrying amount of the debt and its reacquisition price for which to recognize a gain or loss. Upon extinguishment the Company includes in net income only the cumulative amount of the gain or loss previously recorded in other comprehensive income for the extinguished debt that resulted from changes in instrument-specific credit risk, if any.

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 sheets 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 condensed 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, based on information reported internally to the Chief Operating Decision Maker (“CODM”) to make resource allocation and performance assessment decisions. The Company’s CODM is the Company’s Chief Executive Officer.

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, the Company determined it hasone operating segment and one reportable segment, operated primarily in domestic markets for the periods presented, as the CODM regularly reviews and manages the Company's operations, business activities and financial performance and allocates resources as a single operating and reportable segment at the condensed consolidated level.

Super League's single reportable segment derives revenues from customers as summarized at Note 2, "*Revenue Recognition.*" The accounting policies of the Company's single reporting segment are described in the summary of significant accounting policies herein.

The chief operating decision maker assesses performance, establishes management compensation and decides how to allocate resources for the single reporting segment, primarily by monitoring actual consolidated results versus the annual plan, based on consolidated revenues, net operating income (loss) and net income (loss) as reported in the condensed consolidated statements of operations. The CODM does not evaluate segment performance using consolidated balance sheet information.

The significant expenses reviewed by the CODM are cost of revenue; selling, marketing and advertising expense; engineering, technology and development expense; and general and administrative expense, as presented in the condensed consolidated statements of operations, including noncash amortization and noncash stock compensation expenses included in the expense categories. Selling, marketing and advertising expense, engineering, technology and development expense, and general and administrative expense include noncash amortization expense and noncash stock compensation expense, which is disclosed in Note 2 and Note 3, respectively. Other segment items consist of contingent consideration, loss on intangible asset disposal, impairment of intangible assets, interest expense, changes in the fair value of derivative instruments and other income (expense) items, as presented in the condensed consolidated statements of operations.

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 June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Number of customers > 10% of revenue / percent of revenue	Three / 48%	Two / 40%	Two / 31%	Two / 26%

Revenue concentrations were comprised of the following revenue categories:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Media and advertising	47%	23%	17%	11%
Publishing and content studio	1%	17%	14%	15%
	48%	40%	31%	26%

	June 30, 2025	**December 31, 2024**
Number of customers > 10% of accounts receivable / percent of accounts receivable	Three / 65%	Three / 45%
Number of vendors > 10% of accounts payable / percent of accounts payable	One / 11%	Two / 21%

Net Loss Per Share

Basic net 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, totaling148,000 and 54,000 at June 30, 2025 and 2024, 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 246,000 and 304,000 at June 30, 2025 and 2024, 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 at Note 6, totaling 486,000 and 210,000 at June 30, 2025 and 2024, 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 six months ended June 30:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Net loss	$ (2,783,000)	$ (2,455,000)	$ (7,013,000)	$ (7,715,000)
Preferred Dividends paid in shares of common stock	(100,000)	(1,592,000)	(101,000)	(1,596,000)
Net loss attributable to common stockholders	$ (2,883,000)	$ (4,047,000)	$ (7,114,000)	$ (9,311,000)

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.

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 condensed 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.

On July 4, 2025, H.R.1 – 119th Congress (2025-2026)("H.R.1") was signed into law. H.R.1 introduces changes to United States tax policy, trade regulations, and federal spending priorities. Key provisions include the extension and modification of tax provisions from the 2017 Tax Cuts and Jobs Act, modification of certain energy-related tax credits and incentives, and timing of deductions related to certain domestic expenses. The Company is currently assessing the potential implications of the legislation on its operations and on our condensed consolidated financial statements

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 condensed 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

Recently Adopted Accounting Pronouncements.

ASU	Description	Date Adopted
Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09)	This ASU requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The amendment in the ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. The adoption of this standard did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.	January 1, 2025

Recently Issued Accounting Pronouncements.

Accounting standards updates ("ASU") applicable to the Company that were recently issued are summarized below.

ASU	Description	Effective Date
Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments (ASU 2024-04)	This ASU clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. Under the amendments, to account for a settlement of a convertible debt instrument as an induced conversion, (1) an inducement offer is required to preserve the form and amount of consideration issuable upon conversion in accordance with the terms of the existing debt instrument, (2) the assessment of the form and amount of consideration in the inducement offer should be performed as of the date the inducement offer is accepted by the holder, and (3) issuers that have exchanged or modified a convertible debt instrument within the preceding 12 months should use the terms that existed 12 months before the inducement offer was accepted when determining whether induced conversion accounting should be applied. Early adoption is permitted. The Company is currently evaluating the impact this standard will have on its condensed consolidated financial statements and related disclosures.	Fiscal years beginning after December 15, 2025, and interim reporting periods within those annual reporting periods.
Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (ASU 2024-03)	This ASU requires that an entity disaggregate relevant expense captions presented on the face of the income statement into natural expense categories within the footnotes of the financial statements. In addition, a separate disclosure of selling expenses is required to be presented. The ASU is intended to allow stakeholders to better understand the components of an entity's expenses. Early adoption is permitted. The Company is currently evaluating the impact this standard will have on its condensed consolidated financial statements and related disclosures.	Fiscal years beginning after December 15, 2026

3. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	June 30, 2025	December 31, 2024	Weighted Average Amortization Period (Years)
Partner and customer relationships	$ 7,316,000	$ 7,645,000	6.5
Capitalized software development costs	4,974,000	4,774,000	3.0
Capitalized third-party game property costs	500,000	500,000	5.0
Developed technology	3,920,000	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	745,000	5.5
	20,291,000	20,431,000	5.0
Less: accumulated amortization	(17,442,000)	(16,361,000)	
Intangible assets, net	$ 2,849,000	$ 4,070,000	

Amortization expense included in operating expense for the three and six months ended June 30, 2025 totaled $540,000 and $1,081,000, respectively. Amortization expense included in operating expense for the three and six months ended June 30, 2024 totaled $604,000 and $1,286,000, respectively.

The Company expects to record amortization of intangible assets for the year ending December 31, 2025 and future fiscal years as follows:

For the years ending December 31,	
2025 remaining	$ 1,010,000
2026	1,196,000
2027	445,000
2028	185,000
2029	13,000
Thereafter	-
	$ 2,849,000

Sale of Mineville

On May 19, 2025, the Company entered into the Mineville Purchase Agreement with Mineville, LLC a Delaware limited liability company, pursuant to which the Company agreed to sell, and Purchaser agreed to purchase 100% of the Interests of InPvP. Prior to the Mineville Sale, InPVP was a wholly owned subsidiary of the Company that owned and operated the Company's Mineville digital offering. The closing of the Mineville Sale occurred simultaneously with the execution of the Mineville Purchase Agreement. The Purchaser paid cash consideration totaling $350,000 at the Mineville Closing to acquire the Interests.

The parties also agreed upon separate terms for an ongoing commercial relationship whereby the Company was granted the rights to ad sales and brand integration to all of Purchaser's Microsoft servers for a term of two years. The Company will have exclusive Sales Rights for the first year of the Sales Term, and during the second year the Sales Rights will be non-exclusive. During the Sales Term, the revenue generated from the Sales Rights will be allocated among the Company and Purchaser as follows: (i) the Company will retain 60% of the net revenue until gross sales revenue exceeds $1.0 million; (ii) after gross sales revenue exceed $1.0 million, the Company will retain 50% of the net revenue through the remainder of the Sales Term; and (iii) if gross sales revenue exceeds $1.5 million during the Sales Term, the Sales Term shall renew automatically for one additional year on the same terms as the second year of the Sales Term.

The net carrying value of Mineville assets sold totaled $350,000 as of May 19, 2025, which historically were included in intangible assets, net in the condensed consolidated balance sheets, resulting in no gain or loss in connection with the Mineville Sale.

Sale of Minehut

On February 29, 2024, the Company sold its Minehut Assets to GamerSafer in a transaction approved by the Board. Pursuant to the GS Agreement entered into by and between Super League and GamerSafer, the Company received $1.0 million of purchase consideration for the Minehut Assets, which amount was paid by GamerSafer in revenue and royalty sharing in fiscal year 2025 and 2024, 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 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 sheets.

The Company recorded a receivable for the total estimated Minehut Purchase Consideration totaling $619,000 and recognized an initial gain on sale of the Minehut Assets totaling $144,000, which is included in other income in the condensed consolidated statements of operations for the six months ended June 30, 2024. The Minehut Purchase Consideration in the GS Agreement is variable pursuant to the guidance set forth in FASB ASC Topic 606, "Revenue from Contracts with Customers" ("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 in excess of the estimated purchase consideration recorded at contract inception, up to the $1.0 million stated contractual amount of purchase consideration, are recognized as additional gains on the sale of Minehut Assets when realized. Additional gains on the sale of the Minehut Assets subsequent to the initial accounting for the transaction for the three and six months ended June 30, 2025, totaled $100,000 and $343,000, respectively. Additional gains on the sale of the Minehut Assets subsequent to the initial accounting for the transaction for the three and six months ended June 30, 2024, totaled $0 and $0, respectively. From the date of sale of the Minehut Assets through June 30, 2025, the Company calculated royalties due from GamerSafer, applied against the Minehut Purchase Consideration receivable pursuant to the GS Agreement, totaling $1,000,000.

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").

Contingent consideration related to the Melon Acquisition 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 respective valuation dates through to the end of fiscal year 2024 final earn out period 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	$ 124,000	$ 636,000	$ 138,000	$ 538,000
Contingent Consideration – Initial accrual – May 2023	-	-	-	-
Change in fair value(3)	-	(178,000)	(14,000)	(80,000)
Contingent consideration payments (2)	(8,000)	(122,000)	(8,000)	(122,000)
Accrued contingent consideration(1)	$ 116,000	$ 336,000	$ 116,000	$ 336,000

(1) As of June 30, 2025, the accrual for the final Melon Second Earn Out Period was comprised of the cash portion of the earn out payment. As of June 30, 2024, the accrual for the Second Earn Out Period included 2,105 shares of common stock valued at $32.00, the closing price of our common stock as of June 30, 2024.

(2) In April 2025, the Company paid Melon Accrued Contingent Consideration related to the Melon Second Earn Out Period, comprised of 894 shares of our common stock valued at $8,000. 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 1,803 shares of our common stock valued at $90,000.

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

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").

Pursuant to the terms and subject to the conditions of the Super Biz Purchase Agreement, up to an aggregate amount $11.5 million would 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 Contingent Consideration") ("Super Biz Earn Out Periods"). The Super Biz Contingent Consideration was 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.

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.

As described below, in August 2024 the accrued Super Biz Contingent Consideration, comprised solely of the cash portion of the continent consideration for the final earn out period, was converted into a unsecured promissory note. The net change in fair market value related to accrued Super Biz Contingent Consideration for the three and six months ended June 30, 2024 totaled $27,000 and $9,000, respectively. Accrued contingent consideration expense related to accrued Super Biz Consideration for the three and six months ended June 30, 2024 totaled $0 and $142,000, respectively.

Issuance of Promissory Note. In August 2024, the Company issued an unsecured promissory note to the Founders in connection with the accrued contingent consideration outstanding related to the final earn out period, with a principal amount totaling approximately $1.8 million, whereby the Company was 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 accrued on the outstanding principal at the rate of 8.5% per annum, and accrued 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 six months ended June 30, 2025 totaled $55,000 and $92,000, 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 August 2024 issuance of the Super Biz Note, the Company issued 6,563 shares of the Company's common stock to the Founders in January 2025.

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 loss on extinguishment totaling $336,000 was recorded in the condensed consolidated statements of operations for the year ended December 31, 2024, primarily comprised of the fair value of the 6,563 shares of restricted stock (based on closing price of our common stock on the date of issuance of the Super Biz Note) issued, as described above.

The default interest provision included in the Super Biz Note represents an embedded derivative with an initial fair value of $71,000 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 condensed consolidated balance sheets in "Promissory note - contingent consideration," and is required to be marked to market at each balance sheet date. As of June 30, 2025 and December 31, 2024 the fair value of the default interest provision derivative liability was $0 and $77,000, respectively. The change in fair value of the default interest provision derivative liability (included in other income (expense) in the condensed consolidated statements of operation) for the three and six months ended June 30, 2025 totaled $32,000 and $77,000, respectively.

On June 13, 2025, the Company entered into: (a) Amendment No. 1 to Super Biz Note (the "Drozdov Amendment"), originally issued on August 1, 2024, to Sam Drozdov ("Drozdov")(the "Drozdov Note"); (b) Amendment No. 1 to Super Biz Note (the "Khakshoor Amendment"), originally issued on August 1, 2024, to Ben Khakshoor ("Khakshoor") (the "Khakshoor Note"); and (c) Amendment No. 1 to Super Biz Note (the "Firepit Amendment", and collectively with the Drozdov Amendment and the Khakshoor Amendment, the "Super Biz Note Amendments"), originally issued on August 1, 2024, to Firepit Partners Co. (f/k/a Bloxbiz Co.) ("Firepit", and collectively with Drozdov and Khakshoor, the "Super Biz Lenders") (the "Firepit Note", and collectively with the Drozdov Note and the Khakshoor Note, the "Super Biz Amended Notes").

Pursuant to the Super Biz Note Amendments: (a) the maturity date for each of the Super Biz Amended Notes was extended to August 1, 2025 (the "Amended Maturity Date"); and (b) beginning on June 1, 2025, through the Amended Maturity Date, the interest rate on each of the Super Biz Amended Notes was increased to 20%. As consideration for entering into the Super Biz Note Amendments, the Company agreed to pay: (y) two payments of $18,750 to each of Drozdov and Khakshoor; and (y) two payments of $12,500 to Firepit (collectively, the "Consideration Payments"). The first Consideration Payment was paid on June 15, 2025, and the second Consideration Payment was made on July 15, 2025. Refer to Note 8, "Subsequent Events" for additional information.

The modification of the Super Biz Note was accounted for as a modification as the lender did not grant any concessions and the debt terms were not determined to be "substantially different" from the original debt as described at Note 2.

5. DEBT

Promissory Notes Accounted for at Fair Value

Agile I

On November 8, 2024 (the "Agile I Effective Date"), the Company entered into a loan agreement with Agile Capital Funding, LLC, as collateral agent ("Agile")(" the Agile I Loan Agreement"), pursuant to which the Company issued to Agile a Confessed Judgment Secured Promissory Note for an aggregate value of $1.85 million (the "Agile I Note"). Pursuant to the Agile I Loan Agreement: (i) the Agile I Note matures 28 weeks from the Agile I 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 I Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent, or 42%. The Company is required to repay all the obligations due under the Agile I Loan Agreement and the Agile I Note in 28 equal payments of $93,821 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 I Note were used to fund general working capital needs.

Pursuant to the Agile I 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 Agile I Effective Date, (b) cause or permit, voluntarily or involuntarily, any Key Person to cease being actively engaged in the management of the Company without prior notice to Agile, (c) a change in control of the Company 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 I 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 or partial prepayment of any or all of the obligations arising under the Agile I Loan Agreement and the Agile I Note, provided the Company shall be obligated to pay a contractual prepayment fee.

The Agile I Loan Agreement imposed various restrictions on the activities of the Company, including, subject to certain exceptions set forth in the Agile I 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 I Loan Agreement and the Agile I 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 I Loan Agreement and the Agile I 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 I 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 I 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 I Note and expensed in "other expense" in the condensed consolidated statements of operations.

On February 10, 2025, in connection with entering into the Agile II Loan Agreement as described below, the Company paid the remaining balance of the Agile I Note including interest for the remaining term, totaling $1.5 million.

Agile II

On February 10, 2025 (the "Agile II Effective Date"), the Company entered into a Business Loan and Security Agreement (the "Agile II 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 $2.5 million (the "Agile II Note"). Pursuant to the Agile II Loan Agreement: (i) the Agile II Note matures 32 weeks from the Agile II Effective Date; (ii) carries an aggregate total interest payment of approximately $1.05 million, and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile II Loan Agreement), interest shall accrue at a fixed per annum rate equal to the applicable rate plus five percent, or 42%. The Company is required to repay all the obligations due under the Agile II Loan Agreement and the Agile II Note in 32 equal payments of $110,937, with the first payment being made to Agile on February 17, 2025, and every seven days thereafter until the maturity date. The proceeds received from the Agile II Note will be used to fund general working capital needs.

Pursuant to the Agile II 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 Aigle II 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 pending transactions) or otherwise approve the liquidation or dissolution of the Company (collectively, a "Change in Business, Management, or Ownership"), or (d) the RP Note 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 II 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 or partial prepayment (and receive a discount thereon if repaid in full within sixty days of note issuance) of any or all of the obligations arising under the Agile II Loan Agreement and the Agile II Note, provided the Company shall be obligated to pay the Prepayment Fee.

The Agile II Loan Agreement imposes various restrictions on the activities of the Company consistent with the Agile I Loan Agreement described above under the heading "*Agile I.*"

As security for the full and prompt payment and performance of any obligations arising under the Agile II Loan Agreement and the Agile II Note, the Company granted to Agile a continuing first priority security interest in all the assets of the Company; 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 II 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 II Loan Agreement, the Company was required to pay an administrative fee of $125,000 to the Collateral Agent, which was paid at the closing out of proceeds of the issuance of the Agile II Note and expensed in "other expense" in the condensed consolidated statements of operations. $1.5 million of the Agile II Note was used to repay the remaining balance of principal and interest under the Agile I Note, with net proceeds to the Company of approximately $875,000.

1800 Diagonal Lending I

On March 26, 2025 (the “Diagonal Effective Date”), the Company and 1800 Diagonal Lending, LLC, a Virginia limited liability company, or registered assignees (“Diagonal”) entered into a Securities Purchase Agreement (the “Diagonal Agreement”), pursuant to which the Company issued a Convertible Promissory Note (the “Diagonal Note”) in the principal amount of $300,000 (the “Diagonal Principal”), for which the Diagonal Note, among other things, (a) matures on December 30, 2025 (unless otherwise accelerated upon an Event of Default (as defined below)) (the “Diagonal Maturity Date”), (b) accrues interest at a rate of 10% per annum on the unpaid principal balance from the date the Diagonal Note was issued (the “Diagonal Issuance Date”) until the principal and interest becomes due and payable, whether on the Maturity Date or upon acceleration by prepayment or otherwise, (c) begins to accrue interest on the Diagonal Issuance Date but shall not be payable until the Diagonal Note becomes payable, and (d) interest will accrue at a rate of 22% per annum for any amount of principal or interest which is not paid as required under the Diagonal Note, or during an Event of Default.

Pursuant to the Diagonal Note, Diagonal has the right, from time to time, and at any time, during the period beginning on the date which is 180 days from the Diagonal Effective Date and ending on the earlier of (a) the Diagonal Maturity Date, or (b) the date of payment of the Default Amount, each in respect of the remaining outstanding amount of the Diagonal Note into fully paid and non-assessable shares of common stock at a price equal to 75% multiplied by the Market Price (as defined below) (the “Conversion Price”). For purposes of the Diagonal Note: (x) the “Market Price” means the lowest Trading Price for the Company’s common stock during the 10 trading ending on the latest complete trading day prior to the Diagonal Conversion Date; (y) the “Trading Price” means the closing price (or bid, if applicable) of the Company’s common stock as listed (or quoted, as applicable) on the principal securities exchange or trading market where it is listed or traded; and (z) the “Diagonal Conversion Date” means the date specified in the applicable notice of conversion, delivered to the Company by Diagonal in accordance with the Diagonal Note.

Pursuant to the Diagonal Note, the following events, among other things, constitute an Event of Default: (i) failure to pay principal and interest when due; (ii) the Company fails to issue shares of common stock upon exercise of Diagonal’s conversion rights under the Diagonal Note; (iii) the Company’s breach of any material covenant or other material term or condition in the Diagonal note or the Diagonal Agreement, and such breach continues for a period of 20 business days after written notice from Diagonal; (iv) any breach of the representations and warranties set forth in both the Diagonal Agreement and the Diagonal Note; (v) the Company institutes any assignment for the benefit of creditors, or applies for or consents to the appointment of a receiver or trustee for it or for a substantial part of its property or business; (vi) the Company institutes, or any proceeding is instated against the Company, relating to any bankruptcy, insolvency, reorganization, or liquidation proceedings; (vii) the Company fails to maintain the listing of its common stock on Nasdaq or on the Over The Counter boards or an equivalent exchange; (viii) the Company failing to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or ceases to be subject to the reporting requirements of the Exchange Act; (ix) the Company institutes any dissolution, liquidation, or winding up of the Company or any substantial portion of its business; (x) the restatement of any financial statements filed by the Company with the Securities and Exchange Commission, if the result of such restatement would have constituted a material adverse effect on the rights of Diagonal; (xi) the Company proposes to replace its transfer agent and fails to provide a fully executed irrevocable transfer agent instructions signed by the successor transfer agent; and (xii) a breach or default by the Company of any covenant or other term or condition contained in any other agreement by the Company, after the passage of all applicable notice and cure or grace periods (each individually an “Event of Default”, and collectively, “Events of Default”).

Upon the occurrence and during the continuation of any Event of Default, the Diagonal Note shall become immediately due and payable, and the Company shall pay to Diagonal an amount equal to the Default Amount (as defined below), multiplied by two. For other Events of Default, the Diagonal Note shall become immediately due and payable in an amount equal to 150% times the sum of (a) the then outstanding principal amount of the Diagonal Note, plus (b) accrued and unpaid interest on the unpaid principal amount of the Diagonal Note to the date of payment, plus (c) Default Interest, if any, on the amounts referred to in clauses (a) and/or (b), plus (d) any amounts owed to Diagonal pursuant to the Diagonal Note (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (b), (c) and (d) shall collectively be known as the “Default Amount”) and all other amounts payable under the Diagonal Note shall immediately become due and payable, together with all costs, including, without limitation, legal fees and expenses, of collection, and Diagonal shall be entitled to exercise all other rights and remedies available at law or in equity.

The Diagonal Note further contains provisions that: (a) limit Diagonal’s beneficial ownership upon conversion of the Diagonal Note to a maximum of 4.99% of the Company’s issued and outstanding common stock; (b) prohibit the Company from entering selling, leasing or otherwise disposing of any significant portion of its assets outside the ordinary course of business; and (c) adjust the Conversion Price (and number of shares deliverable upon conversion) upon (i) the event of merger, consolidation, or similar transactions, and (ii) the Company declaring or making any distribution of assets to holders of its common stock as a dividend, stock repurchase, return of capital, or otherwise. The Diagonal Agreement also provides for customary provisions, including, without limitation, representations, warranties, covenants, conditions to closing, indemnification, waiver of jury trial, and exercise of remedies upon a breach of the Diagonal Agreement.

The Diagonal Note was issued with an Original Issue Discount of 4.75% (the “OID”), with net proceeds to the Company of approximately $279,000 after deducting the OID, reimbursement of Diagonal’s expenses in an amount equal to $7,000 (expensed in the statements of operations for the six months ended June 30, 2025), and other estimated offering expenses. The Company used the net proceeds from the offering for working capital and general corporate purposes.

1800 Diagonal Lending II

On May 12, 2025 (the "Diagonal II Effective Date"), the Company and Diagonal entered into a Securities Purchase Agreement (the "Diagonal II Agreement"), pursuant to which the Company issued a Convertible Promissory Note (the "Diagonal II Note") in the principal amount of $145,200 (the "Diagonal II Principal"), for which the Diagonal II Note, among other things, (a) matures on February 15, 2026 (unless otherwise accelerated upon an Event of Default (as defined below)) (the "Diagonal II Maturity Date"), (b) accrues interest at a rate of 10% per annum on the unpaid principal balance from the date the Diagonal II Note was issued (the "Diagonal II Issuance Date") until the principal and interest becomes due and payable, whether on the Maturity Date or upon acceleration by prepayment or otherwise, (c) interest begins to accrue on the Diagonal II Issuance Date but shall not be payable until the Diagonal II Note becomes payable, and (d) interest will accrue at a rate of 22% per annum for any amount of principal or interest which is not paid as required under the Diagonal II Note, or during an Event of Default.

Pursuant to the Diagonal II Note, Diagonal has the right, from time to time, and at any time, during the period beginning on the date which is180 days from the Diagonal II Effective Date and ending on the earlier of (a) the Diagonal II Maturity Date, or (b) the date of payment of the Default Amount, each in respect of the remaining outstanding amount of the Diagonal II Note into fully paid and non-assessable shares of common stock at a price equal to 75% multiplied by the Market Price (as defined below) (the "Conversion Price"). For purposes of the Diagonal II Note: (x) the "Market Price" means the lowest Trading Price for the Company's common stock during the 10 trading ending on the latest complete trading day prior to the Diagonal II Conversion Date; (y) the "Trading Price" means the closing price (or bid, if applicable) of the Company's common stock as listed (or quoted, as applicable) on the principal securities exchange or trading market where it is listed or traded; and (z) the "Diagonal II Conversion Date" means the date specified in the applicable notice of conversion, delivered to the Company by Diagonal in accordance with the Diagonal II Note.

Pursuant to the Diagonal II Note, the following events, among other things, constitute an Event of Default: (i) failure to pay principal and interest when due; (ii) the Company fails to issue shares of common stock upon exercise of Diagonal's conversion rights under the Diagonal II Note; (iii) the Company's breach of any material covenant or other material term or condition in the Diagonal II Note or the Diagonal II Agreement, and such breach continues for a period of 20 business days after written notice from Diagonal; (iv) any breach of the representations and warranties set forth in both the Diagonal II Agreement and the Diagonal II Note; (v) the Company institutes any assignment for the benefit of creditors, or applies for or consents to the appointment of a receiver or trustee for it or for a substantial part of its property or business; (vi) the Company institutes, or any proceeding is instated against the Company, relating to any bankruptcy, insolvency, reorganization, or liquidation proceedings; (vii) the Company fails to maintain the listing of its common stock on Nasdaq or on the Over The Counter boards or an equivalent exchange; (viii) the Company failing to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or ceases to be subject to the reporting requirements of the Exchange Act; (ix) the Company institutes any dissolution, liquidation, or winding up of the Company or any substantial portion of its business; (x) the restatement of any financial statements filed by the Company with the Securities and Exchange Commission, if the result of such restatement would have constituted a material adverse effect on the rights of Diagonal; (xi) the Company proposes to replace its transfer agent and fails to provide a fully executed irrevocable transfer agent instructions signed by the successor transfer agent; and (xii) a breach or default by the Company of any covenant or other term or condition contained in any other agreement by the Company, after the passage of all applicable notice and cure or grace periods (each individually an "Event of Default", and collectively, "Events of Default").

Upon the occurrence and during the continuation of any Event of Default that is enumerated in Section 3.2 of the Diagonal II Note, the Diagonal II Note shall become immediately due and payable, and the Company shall pay to Diagonal an amount equal to the Default Amount (as defined below), multiplied by two. For other Events of Default not enumerated in Section 3.2 of the Diagonal II Note, the Diagonal II Note shall become immediately due and payable in an amount equal to 150% times the sum of (a) the then outstanding principal amount of the Diagonal II Note, plus (b) accrued and unpaid interest on the unpaid principal amount of the Diagonal II Note to the date of payment, plus (c) Default Interest, if any, on the amounts referred to in clauses (a) and/or (b), plus (d) any amounts owed to Diagonal pursuant to Sections 1.3 and 1.4(g) of the Diagonal II Note (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (b), (c) and (d) shall collectively be known as the "Default Amount") and all other amounts payable under the Diagonal II Note shall immediately become due and payable, together with all costs, including, without limitation, legal fees and expenses, of collection, and Diagonal shall be entitled to exercise all other rights and remedies available at law or in equity.

Pursuant to the Diagonal II Note, Diagonal is prohibited from converting any portion of the Note that, if such conversion was effectuated, would cause the Company to issue to the Lender shares of the Company's common stock in excess of 19.99% of the issued and outstanding shares of common stock immediately prior to the issuance of the Note.

The Diagonal II Note was issued with an Original Issue Discount of9.09% (the "OID"), with net proceeds to the Company of $125,000 after deducting the OID, reimbursement of Diagonal's expenses in an amount equal to $7,000 (expensed in the statements of operations for the six months ended June 30, 2025), and other estimated offering expenses. The Company used the net proceeds from the offering for working capital and general corporate purposes.

Belleau Note Purchase Agreement

On March 28, 2025 (the "Belleau Effective Date"), we entered into a Note Purchase Agreement (the "Belleau Purchase Agreement") with Belleau Wood Capital, LP, or its assignees, ("Belleau"). Pursuant to the Belleau Purchase Agreement, the Company will issue to Belleau a total of three Unsecured Promissory Notes (each, a "Belleau Note" and collectively, the "Belleau Notes") with an aggregate principal amount of $1,500,000 (the "Belleau Principal"). The consummation of the sale of the initial Belleau Note was consummated on the Belleau Effective Date, with gross proceeds to the Company of $300,000. The consummation of the sale of the two remaining Belleau Notes are scheduled to occur in the amounts and on the dates as follows: (a) $600,000 on April 14, 2025; and (b) $600,000 on April 28, 2025. As of June 30, 2025, $l.1 million of the Notes were funded, with an additional $150,000 funded subsequent to June 2025. Each of the Belleau Notes: (x) matures on the date that is 12 months from the date of the issuance of each respective Belleau Note (collectively, the "Belleau Maturity Date"); (y) may be prepaid in part or in full at any time by the Company without penalty; and (z) accrues interest at a rate of 20% simple interest per annum (the "Belleau Interest Rate", and the dollar value of the accrued interest, the "Belleau Interest").

The Belleau Interest that accrues on each respective Belleau Note is payable on each respective Belleau Maturity Date in the form of restricted shares of the Company's common stock equal to 20% of the Belleau Principal, calculated at a price per share of $14.00. In the event of a prepayment of any Belleau Note by the Company, the Belleau Interest will be payable in full at the time of such prepayment.

The Belleau Note also provides for: (i) standard events of default, including (a) any default in the payment of the Belleau Principal or Belleau Interest on their respective due dates, (b) the occurrence of a Bankruptcy Event (as defined in the Belleau Note), or (c) the Company commits any material breach or default of any material provision of the Belleau Note, if not cured within 20 days following the written notice from Belleau specifying in reasonable detail such breach or default (sections (a) through (c), the "Belleau Events of Default"); and (ii) customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default. Upon the occurrence of an Event of Default, the Belleau Note will bear interest at the default interest rate of 20% per annum, payable in cash, and upon Belleau's written notice to the Company, all payments of Belleau Principal and Belleau Interest will become immediately due and payable.

On August 11, 2025, the Company and Belleau entered into an Amended & Restated Unsecured Promissory Note, pursuant to which the Belleau Principal was reduced to $1,250,000. The Company used the proceeds from the sale of the Belleau Notes for working capital and general corporate purposes.

Related Party Promissory Note

On November 19, 2024 (the "RP Effective Date"), we entered into a Note Purchase Agreement (the "RP Purchase Agreement") with a non-employee member of the Board (the "Purchaser"). Pursuant to the RP Purchase Agreement, the Company issued to the Purchaser an Unsecured Promissory Note (the "RP Note") in the amount of $1,500,000 (the "RP Principal"), for which the RP Note (i) matures on the date that is12 months from the RP Effective Date (the "RP Maturity Date"), (ii) may be pre-paid at any time by the Company without penalty, and (iii) accrues interest on the RP Principal at a rate of 40% simple interest per annum (the "RP Interest"). The RP Interest is payable on the RP Maturity Date. In the event of a prepayment of the RP Note by the Company, the RP Interest will be pro-rated for the period the RP Note is outstanding. The Company intends on using the proceeds for working capital and general corporate purposes.

The RP Note also provides for: (i) standard events of default, including (a) any default in the payment of the RP Principal or RP Interest on their respective due dates, (b) the occurrence of a Bankruptcy Event (as defined in the Note), or (c) the Company commits any material breach or default of any material provision of the Note, if not cured within 20 days following the written notice from the Purchaser specifying in reasonable detail such breach or default (sections (a) through (c), the "Events of Default"); and (ii) customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default. Upon the occurrence of an Event of Default, the RP Note will bear interest at the default interest rate of 45% per annum, and upon Purchaser's written notice to the Company, all payments of RP Principal and RP Interest will become immediately due and payable.

On June 13, 2025, the Company entered into an amendment to the RP Note (the "RP Amendment"). Pursuant to the Amendment: (a) the maturity date of the RP Note was extended to November 19, 2026; (b) beginning on November 19, 2025, interest will no longer accrue on the remaining Principal outstanding; and (c) the Company agreed to make monthly payments of $175,000, with such payments to start on November 19, 2025, and continue thereafter for twelve months, at which time the RP Note will be paid in full.

The Agile I Note, Agile II Note, Diagonal I Note, Diagonal II Note, Belleau Note and the RP Note are accounted for at fair value as described in Note 2, and measured using Level 3 inputs with the following impact on the condensed consolidated financial statements for the applicable periods referenced:

	Agile I Note	Agile II Note	Belleau Note	Diagonal I Note	Diagonal II Note	RP Note
Gross Proceeds	$ 1,850,000	$ 2,500,000	$ 1,100,000	$ 300,000	$ 145,000	$ 1,500,000
Proceeds net of original issue discount	-	-	-	286,000	132,000	-
Fair Value at issuance date	2,132,000	3,205,000	894,000	247,000	123,000	1,343,000
Difference between proceeds and fair value at issuance(2)	282,000	705,000	(206,000)	(39,000)	(9,000)	(157,000)
Note balance – December 31, 2024	1,454,000	-	-	-		1,500,000
Fair value – December 31, 2024	1,679,000	-	-	-		1,438,000
Note balance – June 30, 2025	-	1,331,000	1,100,000	300,000	145,000	1,500,000
Fair value – June 30, 2025	-	1,283,000	888,000	271,000	115,000	1,473,000
Interest paid during the three months ended June 30, 2025	-	426,000	-	-	-	-
Interest paid during the six months ended June 30, 2025	563,000	656,000	-	-	-	-
Change in fair value - three months ended June 30, 2025(2)	-	164,000	(4,000)	24,000	(8,000)	(121,000)
Change in fair value - six months ended June 30, 2025(2)	(178,000)	67,000	(6,000)	24,000	(8,000)	35,000
Debt issue costs (1)	180,000	125,000	-	7,000	7,000	-
Interest Rate / Discount rate	42%/42%	42%/42%	20%/42%	10%/42%	10%/42%	40%/42%

(1) Debt issue costs incurred in connection with the Agile Loan included administrative fee of $92,500 to the collateral agent and advisor fees. Debt issuance costs are reflected in “other expense” in the condensed consolidated statements of operations.

(2) Reflected in interest expense in the condensed consolidated statements of operations.

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. On June 10, 2025, the AR Facility was terminated.

In connection with the AR Facility, the Company agreed to, among other things, (i) pay a finance fee equal to2% 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.

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 condensed consolidated statements of operations.

Total amounts advanced and repaid under the AR Facility for the applicable periods presented are reflected in financing activities in the condensed consolidated statements of cash flows. Interest expense for the three and six months ended June 30, 2025 totaled $37,000 and $45,000, respectively. Interest expense for the three and six months ended June 30, 2024 totaled $14,000 and $33,000, respectively. Commitment fee expense for the three and six months ended June 30, 2025 totaled $63,000 and $73,000, respectively. Commitment fee expense for the three and six months ended June 30, 2024 totaled $10,000 and $20,000, respectively.

6. STOCKHOLDERS' (DEFICIT) EQUITY AND EQUITY-LINKED INSTRUMENTS

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 "Second 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, 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 Second 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 condensed consolidated financial statements to Preferred Stock have been restated to reflect the Second Amended and Restated Charter, and the amendments thereto.

Series AAAA Junior Preferred Stock

On July 11, 2025, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of the Series AAAA Jr. (the "Certificate"), designating 3,775,047 shares of Series AAAA Jr. Convertible Preferred Stock (the "*Preferred Stock*") in connection with the entry into the Preferred Exchange Agreements.

Common Stock

General

On May 30, 2023, the Company filed an amendment to its Charter, increasing the number of authorized shares of common stock from100,000,000 to 400,000,000. The Company's Board of Directors approved the amendment on March 17, 2023, and the Company obtained the approval of the amendment by written consent of its stockholders holding greater than 50% of the voting securities of the Company on April 5, 2023.

Reverse Stock Split

On June 17, 2025, the Company filed the June 2025 Amendment to its Second Amended and Restated Charter, which became effective as of June 23, 2025, effecting the 2025 Reverse Stock Split. The 2025 Reverse Split was approved by the Company's Board on June 2, 2025. The Company's shares began trading on a 2025 Reverse Split-adjusted basis on the Nasdaq Capital Market on June 23, 2025.

As a result of the 2025 Reverse Split, every 40 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 2025 Reverse Split. Instead, in lieu of any fractional shares to which a stockholder of record would otherwise be entitled as a result of the 2025 Reverse Split, the Company paid cash (without interest) equal to the value of such fractional share. The 2025 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, preferred stock conversion shares, common stock underlying additional investment rights, share data, per share data and related information contained in the financial statements have been retroactively adjusted to reflect the effect of the 2025 Reverse Split for all periods presented.

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)(7)	Shares Purchased/ Issued in Exchange(6)	Conversions / Exchanges	Outstanding - June 30, 2025	Gross Proceeds	Fees	Net Proceeds	Original	Conversions / Exchanges(5)	June 30, 2025	Original Placement Agent Warrants(1)
A	November 22, 2022	$ 496.40	5,359	(5,359)	-	$ 5,359,000	$ 697,000	$ 4,662,000	11,000	(11,000)	-	2,000
A-2	November 28, 2022	$ 531.60	1,297	(1,297)	-	1,297,000	169,000	1,128,000	2,000	(2,000)	-	-
A-3	November 30, 2022	$ 536.40	1,733	(1,733)	-	1,733,000	225,000	1,508,000	3,000	(3,000)	-	-
A-4	December 22, 2022	$ 304.00	1,934	(1,934)	-	1,934,000	251,000	1,683,000	6,000	(6,000)	-	1,000
A-5	January 31, 2023	$ 443.60	2,299	(2,299)	-	2,299,000	299,000	2,000,000	5,000	(5,000)	-	1,000
AA	April 19, 2023	$377.20/$75.60	7,680	(4,041)	3,639	7,680,000	966,000	6,714,000	102,000	(54,000)	48,000	3,000
AA-2	April 20, 2023	$417.20/$83.60	1,500	(1,500)	-	1,500,000	130,000	1,370,000	18,000	(18,000)	-	-
AA-3	April 28, 2023	$380.00/$76.00	1,025	(1,000)	25	1,025,000	133,000	892,000	13,000	(13,000)	-	-
AA-4	May 5, 2023	$371.20/$74.40	1,026	(526)	500	1,026,000	133,000	893,000	14,000	(7,000)	7,000	-
AA-5	May 26, 2023	$424.00/$84.80	550	(500)	50	550,000	72,000	478,000	6,000	(6,000)	-	-
AAA	November 30, 2023	$ 66.80	9,388	(2,143)	7,245	5,377,000	645,000	4,732,000	140,000	(32,000)	108,000	19,000
AAA-2	December 22, 2023	$ 68.40	5,334	(2,186)	3,148	2,978,000	357,000	2,621,000	78,000	(32,000)	46,000	11,000
AAA-Junior	June 26, 2024	$ 50.00	1,210	(858)	352	1,210,000	145,000	1,065,000	24,000	(17,000)	7,000	4,000
AAA-Junior - 2	July 10, 2024	$ 50.00	551	(110)	441	551,000	66,000	485,000	11,000	(2,000)	9,000	2,000
AAA-Junior - 3	September 20, 2024	$ 50.00	697	(70)	627	697,000	84,000	613,000	14,000	(1,000)	13,000	2,000
AAA-Junior – 4	September 30, 2024	$ 50.00	399	-	399	399,000	48,000	351,000	8,000	-	8,000	1,000
			41,982	(25,556)	16,426	$ 35,615,000	$ 4,420,000	$ 31,195,000	455,000	(209,000)	246,000	46,000

(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. See below for placement agent warrants exchanged in connection with the Exchange.

(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 $104.00 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 condensed 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) In July 2025, as described at Note 8, the conversion prices for the AAA Preferred and the AAA Junior Preferred were adjusted pursuant to the applicable Down Round Feature, described below. The conversion prices for i) AAA, ii) AAA-2, and iii) AAA Junior Preferred stock outstanding were adjusted to $ 20.08, $20.52, and $15.00, respectively, on the applicable date that the Down Round Feature was triggered.

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 least51% 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 the12 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 or will file the applicable registration statements on Form S-3.

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 2,210 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 $304.00 to $536.40 per share, for new placement agent warrants to purchase a total of 8,686 shares of common stock at an exercise price of $66.96 per share and 4,994 shares of common stock at an exercise price of $68.40 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”), which was obtained on June 9, 2025, 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, which was obtained on June 9, 2025, 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 25 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 $40.00 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 were conditioned on, and subject to, stockholder approval, which was received on June 9, 2025.

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 condensed consolidated balance sheets and re-valued at each reporting date, with changes in the fair value reported in the condensed 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 condensed consolidated balance sheets and re-valued at each reporting date, with changes in the fair value reported in the condensed 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Series AAA Junior-3 and Series AAA Junior-4 Warrants:				
Beginning balance	$ 78,000	$ 2,332,000	$ 348,000	$ 1,571,000
Change in fair value	(58,000)	(1,667,000)	(328,000)	(906,000)
Subtotal - Fair value of warrant liability - Series AAA Junior -3 and Series AAA Junior – 4 Warrants	20,000	665,000	20,000	665,000
Placement Agent Warrants:				
Beginning balance	140,000	-	587,000	-
Change in fair value	(86,000)	-	(533,000)	-
Subtotal - Fair value of warrant liability – Placement Agent Warrants	$ 54,000	$ -	$ 54,000	$ -
Total fair value of warrant liability	$ 74,000	$ 665,000	$ 74,000	$ 665,000

(1) Estimated fair value on the respective dates 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Expected Volatility	103% - 107%	101%	98%
Risk–free interest rate	3.68% - 3.74%	4.27% - 4.38%	4.21%
Dividend yield	-%	-%	-%
Expected life of options (in years)	2.21 - 4.24	2.71 - 4.74	3.89 - 4.47

Preferred Stock Dividends

The Company paid common stock dividends on outstanding preferred stock for the periods presented, as follows:

Three and Six Months Ended June 30, 2025:

Series Designation	Date	Dividend Shares	Fair Value Shares Issued (1)
Series A-5	February 4, 2025	54	$ 1,000
Series AA	April 28, 2025	6,359	89,000
Series AA-3	May 1, 2025	66	1,000
Series AA-4	May 21, 2025	1,348	9,000
Series AA-5	May 30, 2025	118	1,000
		7,945	$ 101,000

Three and Six Months Ended June 30, 2024:

Series Designation	Date	Dividend Shares	Fair Value of Shares Issued (1)
Series A-5	January 31, 2024	55	$ 4,000
Series AA	April 19, 2024	11,907	662,000
Series AA-3	April 29, 2024	1,029	60,000
Series AA-4	May 6, 2024	1,387	77,000
Series AA-5	May 30, 2024	1,297	65,000
Total		15,675	$ 868,000

(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 2024, certain existing holders of Series A, AA and AAA Preferred Stock executed Series AAA Junior Preferred Stock Offering related dividend acceleration agreements ("June 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 23,076 shares of common stock dividends were paid in July 2024 pursuant to the June 2024 Dividend Acceleration Agreements, with a fair value of $729,000, based on the closing price of the Company's common stock on June 30, 2024, which is reflected as a charge to accumulated deficit and accrued liabilities as of June 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.

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 a $34.40 implied common stock price, conversion prices ranging from $75.44 to $530.00 (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 0.42 years to 0.92 years and volatility assumptions ranging from 79% to 91%.

In connection with the modification to the Series AA AIRs described above, Series AA AIRs with initial underlying common shares totaling 16,074, 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 80,381 shares.

Common Stock Issuances

Equity Financings

On May 30, 2025, the Company entered into a securities purchase agreement (the “May III Purchase Agreement”) with certain investors, which provided for the sale and issuance by the Company in a registered direct offering (the “May III Offering”) of an aggregate of (i) 79,750 shares of the Company’s common stock, at a purchase price of $4.80 per share (the “May III Shares”), and (ii) pre-funded warrants to purchase up to 59,833 shares of common stock at a purchase price of $4.79 per pre-funded warrant (the “May III Pre-Funded Warrants” and, together with the May III Shares, the “May III Securities”), which represents the per share price for the May III Shares less the exercise price of $0.00001 per share. The May III Offering closed on June 2, 2025. The aggregate gross proceeds to the Company from the May III Offering were approximately $670,000, before deducting placement agent commissions and other estimated offering expenses. The Company utilized the net proceeds of the May III Offering for working capital and general corporate purposes, as well as to repay a portion of the Company’s indebtedness.

On May 30, 2025, the Company also entered into a placement agent agreement (the “May III Placement Agent Agreement”) with Aegis Capital Corp. (the “Placement Agent”). Pursuant to the terms of the May III Placement Agent Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the securities in the May III Offering. The Company agreed to pay the Placement Agent a cash fee equal to 8% of the aggregate gross proceeds from the sale of the May III Securities. The Company also agreed to reimburse the Placement Agent for certain expenses.

On May 29, 2025, the Company entered into an underwriting agreement (the “May II Underwriting Agreement”) with Aegis Capital Corp., (the “Underwriter”), relating to the Company’s public offering (the “May II Offering”) of 104,167 shares (the “May II Shares”) of its common stock. Pursuant to the May II Underwriting Agreement, the Company also granted the Underwriter a 45-day option (“May II Option”) to purchase an additional 10,417 shares of common stock (the “May II Option Securities”, and together with the Shares, the “May II Securities”). On May 30, 2025, the Company issued the May II Shares and closed the May II Offering at a public price of $4.80 per share, for net proceeds to the Company of approximately $380,000 after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. The Company utilized the net proceeds of the May II Offering for working capital and general corporate purposes, as well as to repay a portion of the Company’s indebtedness. On May 29, 2025, the Underwriter delivered notice to the Company that it elected to exercise the May II Option with respect to an aggregate of 10,417 May II Option Securities. The closing of the sale of the May II Option Shares occurred on May 30, 2025.

On May 9, 2025, the Company entered into an underwriting agreement (the “May I Underwriting Agreement”) with the Underwriter, relating to the Company’s public offering (the “May I Offering”) of 127,941 shares (the “May I Shares”) of its common stock, par value $0.001 per share. Pursuant to the May I Underwriting Agreement, the Company also granted the Underwriters a 45-day option (“May I Option”) to purchase an additional 19,191 shares of common stock (the “May I Option Securities”, and together with the Shares, the “May I Securities”). On May 12, 2025, the Company issued the firm May I Securities and closed the May I Offering at a public price of $6.80 per share, for net proceeds to the Company of approximately $700,400 after deducting underwriting discounts, commissions and estimated offering expenses payable by the Company. On May 14, 2025, the Underwriter partially exercised its May I Option and purchased an additional 15,441 shares of common stock at a price of $6.80 per share, before deducting underwriting discounts. The issuance by the Company of the May I Option Securities resulted in total gross proceeds of approximately $104,999, before deducting underwriting discounts, commissions, and other offering expenses payable by the Company. The Company utilized the net proceeds of the May I Offering for working capital and general corporate purposes, as well as to repay a portion of the Company’s indebtedness.

Hudson Equity Line of Credit

On February 14, 2025, the Company entered into an equity purchase agreement (the “Hudson Equity Purchase Agreement”) with Hudson Global Ventures, LLC, a Nevada limited liability company (“Hudson”). Pursuant to the Hudson Equity Purchase Agreement, the Company had the right, but not the obligation, to sell to Hudson, and Hudson is obligated to purchase, up to $2.9 million of newly issued shares (the “Hudson Total Commitment”) of the Company’s common stock, from time to time during the term of the Hudson Equity Purchase Agreement, subject to certain limitations and conditions (the “Hudson Offering” or “Hudson ELOC”). As consideration for Hudson’s commitment to purchase shares of common stock under the Hudson Purchase Agreement, the Company issued to Hudson 7,500 shares of common stock, valued at $159,000, following the execution of the Hudson Equity Purchase Agreement (the “Hudson Commitment Shares”).

From and after the initial satisfaction of the conditions to our right to commence sales to Hudson under the Hudson Equity Purchase Agreement (such event, the "Hudson Commencement," and the date of initial satisfaction of all such conditions, the "Hudson Commencement Date"), the Company was able to direct Hudson to purchase shares of common stock at a purchase price per share equal to the lesser of (i) 92% of the closing price of the Company's common stock, as listed on Nasdaq, on the trading day immediately preceding the respective Put Date (the "Hudson Initial Purchase Price"), or (ii) 92% of the lowest closing price of the Company's common stock, as listed on Nasdaq, on any trading day during the period beginning on the Put Date (as defined in the Hudson Purchase Agreement) and continuing through the date that is three trading days immediately following the Clearing Date (as defined in the Hudson Purchase Agreement) associated with the applicable Hudson Put Notice (such three trading day period is the "Hudson Valuation Period", and the price is the "Hudson Market Price"), on such date on which the Hudson Purchase Price is calculated in accordance with the terms of the Hudson Equity Purchase Agreement. The Company controlled the timing and amount of any such sales of common stock to Hudson.

During the three and six months ended June 30, 2025 the Company sold zero and 17,925 shares of common stock, respectively, under the Hudson ELOC at an average per share price of $13.60, raising net proceeds totaling $231,000. The Hudson Equity Purchase Agreement was terminated effective May 8, 2025. The Company utilized the net proceeds from the Hudson Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures.

7. COMMITMENTS AND CONTINGENCIES

Settlement of Pending or Threatened Claims

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 $ 377.20 to $521.60, down to prices ranging from $75.44 to $104.32, 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 three and six months ended June 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 9,315 to 46,576 shares.

In addition, the Company issued to Pioneer 6,875 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 three and six months ended June 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 $34.40 implied common stock price, conversion prices ranging from $75.44 to $521.60 (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%.

During the fourth quarter of 2023, the certain note holders related to a convertible note original issued in May 2022 (the "Note Holders") made certain claims arising from an interpretation of certain rights that the Note Holders had pursuant to the terms of underlying securities purchase agreement ("2022 SPA"). On March 12, 2024, the Company and the Note Holders (the "Parties") executed a Mutual General Release and Settlement Agreement (the "2022 Note Holder Settlement Agreement") settling all claims between the Parties with respect to the 2022 SPA. In consideration for the 2022 Note Holder Settlement Agreement, the Company agreed to issue the Parties an aggregate amount of 12,500 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 condensed consolidated statement of operations for the year ended December 31, 2023. The Company issued the 12,500 shares of common stock on March 19, 2024, which were valued at $74.00 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 the general and administrative expense in the condensed consolidated statement of operations for the six months ended June 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.

On July 8, 2025, the Company received a letter from the staff at Nasdaq's Listing Qualifications department stating that, as of July 7, 2025, the closing bid price of the Company's common stock has been at $1.00 per share or greater, and accordingly, the Company has regained compliance with Listing Rule 5550(a)(2).

Series AAAA Junior Preferred Stock

The Certificate of Incorporation of the Company authorizes the issuance of up to 10,000,000 shares of preferred stock and further authorizes the Board of the Company to fix and determine the designation, preferences, conversion rights, or other rights, including voting rights, qualifications, limitations, or restrictions of the preferred stock. On July 11, 2025, the Company filed the Certificate of Designation of Preferences, Rights and Limitations of the Series AAAA Jr. (the "Certificate"), designating 3,775,047 shares of Series AAAA Jr. Convertible Preferred Stock (the "*Preferred Stock*") in connection with the entry into the Preferred Exchange Agreements.

Each share of Preferred Stock is convertible at the option of the holder, subject to certain beneficial ownership limitations and primary market limitations as set forth in each Certificate, into such number of shares of the common stock, equal to the number of Preferred Stock to be converted, multiplied by the stated value of $1.00 (the "*Stated Value*"), divided by the conversion price in effect at the time of the conversion (the initial conversion price is equal to the Nasdaq Minimum Price, plus $0.01, subject to adjustment in the event of stock splits, stock dividends, and similar transactions). Holders of the 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 60% of the shares of common stock underlying the Preferred Stock upon issuance provided that the holder holds at least 1% of the Preferred Stock on January 1, 2026. 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.

Exchange Agreements

Preferred Stock Exchange Agreements

On July 7, 2025, the Company entered into an Exchange Agreement with the Michael Keller Trust (the "Trust"), pursuant to which the Company and the Trust agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to the Trust, dated November 19, 2024, with the principal and interest thereon being equal to $1,878,082, the Trust would be granted (a) 1,500,000 shares of Series AAAA Jr. Convertible Preferred Stock, and (b) cash payments totaling $378,002, such payments to be made in equal monthly installments of approximately $63,000, commencing on October 15, 2025, and concluding on March 15, 2026 (the "Trust Agreement").

On July 8, 2025, the Company entered into Exchange Agreements with: (i) Ben Khakshoor, pursuant to which the Company and Mr. Khakshoor agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Mr. Khakshoor, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $711,361, Mr. Khakshoor will be issued 711,361 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Khakshoor Agreement"); (ii) Sam Drozdov, pursuant to which the Company and Mr. Drozdov agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Mr. Drozdov, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $711,361, Mr. Drozdov would be granted 711,361 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Drozdov Agreement"); and (iii) Firepit Partners Co. ("Firepit"), pursuant to which the Company and Firepit agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Firepit, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $474,242, Firepit would be granted 474,242 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Firepit Agreement", and collectively with the Khakshoor Agreement and Drozdov Agreement, the "Preferred Exchange Agreements").

Common Stock Exchange Agreement

On July 10, 2025, the Company entered into the Exchange Agreement with Agile, pursuant to which the Company and Agile agreed that in exchange for the surrender and forgiveness of that certain Secured Promissory Note issued to Agile, dated February 7, 2025, with the remaining principal and interest thereunder being $1,331,250, Agile received (a) 44,128 shares of common stock (the "Exchange Shares"), (b) pre-funded warrants to purchase 173,023 shares of common stock (the "Pre-Funded Warrants", and collectively with the Exchange Shares, the "Exchange Securities"), with the Exchange Securities to be valued at a price of $5.67, such amount above the Nasdaq Minimum Price, and (c) four equal cash payments of $25,000 to Agile, totaling $100,000, beginning on July 10, 2025, and every seven days thereafter.

Financing Transactions

Equity Purchase Agreement

On the Execution Date of July 10, 2025, the Company entered into the Equity Purchase Agreement with the Investor. Under the Equity Purchase Agreement, the Company has the right, but not the obligation, to direct the Investor to purchase up to the Maximum Commitment Amount of $20,000,000 in shares of common stock of the Company upon satisfaction of certain terms and conditions contained in the Equity Purchase Agreement, including, without limitation, an effective registration statement filed with the SEC registering the resale of the shares of Put Stock and the shares of Commitment Stock and additional shares to be sold to the Investor from time to time under the Equity Purchase Agreement. The term of the Equity Purchase Agreement began on the Execution Date and shall remain in effect until the end of the Commitment Period.

During the Commitment Period, the Company may direct the Investor to purchase shares of Put Stock by delivering a Put Notice to the Investor. The Company shall, in its sole discretion, select the number of shares of Put Stock requested by the Company in each Put Notice. However, such amount may not exceed the Maximum Put Amount (as defined in the Equity Purchase Agreement). The purchase price to be paid by the Investor for the shares of Put Stock will be ninety-two percent (92%) of the lowest VWAP for a trading day on the Principal Market during the Valuation Period (as defined in the Equity Purchase Agreement).

In consideration for the Investor's execution and delivery of, and performance under the Equity Purchase Agreement, on the Execution Date, the Company in its discretion shall either (i) pay the Commitment Cash, or (ii) issue a Pre-Funded Warrant to the Investor as the Commitment Stock. All of the shares of Commitment Stock were fully earned as of the Execution Date, and the issuance of the shares of Commitment Stock is not contingent upon any other event or condition, including, without limitation, the effectiveness of the Initial Registration Statement (defined below) or the Company's submission of a Put Notice to the Investor and irrespective of any termination of the Equity Purchase Agreement.

Under the Equity Purchase Agreement, the Company was obligated to file with the SEC, on or before August 10, 2025, the Initial Registration Statement covering only the resale of the shares of Put Stock and Commitment Stock and to use its best efforts to have the Initial Registration declared effective no later than October 10, 2025. The Company filed the Initial Registration Statement on July 17, 2025, but such Initial Registration Statement is not yet effective.

The Equity Purchase Agreement contains customary representations, warranties, agreements, and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, the Investor represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act).

Pre-Funded Warrant

The Pre-Funded Warrant certifies that, for value received, the Investor is entitled to be issued up to $600,000 shares of common stock and has an initial exercise price of $0.001 per share. The pre-funded warrants may not be exercised if the aggregate number of shares of the common stock beneficially owned by the holder would exceed 4.99% immediately after exercise thereof, which ownership cap may be increased by the holder up to9.99% upon 61 days' prior notice.

Registration Rights Agreement

On RRA Execution Date, in connection with the Equity Purchase Agreement, the Company entered into Registration Rights Agreement, pursuant to which the Company shall, by August 9, 2025, file with the SEC the Initial Registration Statement covering the maximum number of (i) shares of Commitment Stock, (ii) shares of Put Stock, which have been, or which may, from time to time be issued, including without limitation all of the shares of common stock which have been issued or will be issued to the Investor under the Equity Purchase Agreement (without regard to any limitation or restriction on purchases), and (iii) the Registrable Securities, as shall be permitted to be included thereon in accordance with applicable SEC rules, regulations, and interpretations so as to permit the resale of the Registrable Securities by the Investor, including, but not limited to, under Rule 415 at then-prevailing market prices (and not fixed prices). The Initial Registration Statement shall register only Registrable Securities. The Company shall use its commercial best efforts to have the Initial Registration Statement and any amendment thereto declared effective by the SEC at the earliest possible date, but in no event later than October 10, 2025.

Private Placement Offering

On July 10, 2025, the Company entered into the Purchase Agreement with the Investor, pursuant to which the Company agreed to sell up to (i) an aggregate principal amount of $4,494,382 in 8% Senior Secured Convertible Notes, maturing eighteen (18) months after the issue date, with original issue discount of 11%, convertible into shares of the Company's common stock at a conversion price of $6.815 per share, and if not converted then amortized over the final twelve (12) months concluding on the maturity date, and (ii) Common Stock Purchase Warrants to purchase 659,968 shares of common stock at an exercise price of $5.361 per share (the "Warrants") (the "Offering"). The Company received $4,000,000 in gross proceeds from the Offering.

Securities Purchase Agreement

The Purchase Agreement contains representations and warranties of the Company and the Investors which are typical for transactions of this type. In addition, the Purchase Agreement contains customary covenants on the Company's part that are typical for transactions of this type, as well as the following additional covenants: (i) for as long as the Notes remain outstanding, the Company agreed not to effect or enter into an Equity Line of Credit or agreement to effect any issuance by the Company or any of its subsidiaries involving a variable rate transaction; (ii) the Company agreed to offer to the Investors, for so long as any amount in excess of $1,500,000 remains outstanding on the Note, the opportunity to participate in an amount equal to 25% in any subsequent securities offerings by the Company; (iii) the Company agreed to hold a stockholder meeting within 90 days of the date of the Agreement at which the Company will solicit the stockholders' affirmative vote for approval of the anti-dilution provisions described in the transaction documents in accordance with the applicable law and rules and regulations of the Nasdaq.

The Purchase Agreement obligates the Company to indemnify the Investors and various related parties for certain losses including those resulting from (i) any misrepresentation or breach of any representation or warranty made by the Company, (ii) any breach of any obligation of the Company, and (iii) certain claims by third parties.

Convertible Notes and Warrants

The Convertible Notes are senior secured obligations of the Company and are secured by certain personal property of the Company, pursuant to a Security Agreement. Unless earlier converted, the Convertible Notes will mature in January 2027. The Convertible Notes bear interest at a rate of 8% per annum, subject to increase in the event of default to the lesser of 18% per annum or the maximum rate permitted under applicable law. The Convertible Notes, including interest accrued thereon, are convertible at any time until a Convertible Note is no longer outstanding, in whole or in part, at the option of the holders into shares of common stock at a conversion price of $6.815 per share, subject to adjustment as set forth therein. The Convertible Notes have a beneficial ownership limitation such that none of the Investors have the right to convert any portion of their Convertible Notes if the Investor (together with its affiliates or any other persons acting together as a group with the Investor) would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock issuable upon conversion of such Convertible Notes, or, upon 61 days' prior written notice to the Company, 9.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock issuable upon conversion of such Convertible Notes. Commencing on the six-month anniversary of the date of the issuance of the Note, and on the same date every month thereafter, the Company shall make 12 equal amortization payments, with each payment being equal to one-twelfth of the initial principal amount, plus all accrued but unpaid interest.

The Convertible Notes also contain certain negative covenants, including prohibitions on the incurrence of indebtedness, liens, amendments to the Company's organizational documents, dividends, redemption, related party transactions and entry into any equity line of credit agreement or variable rate transactions. The Convertible Notes also contain standard and customary events of default including, but not limited to, failure to make payments when due, failure to observe or perform covenants or agreements contained in the Convertible Notes, existence of a default or event of default under any of the Transaction Documents (as defined in the Convertible Notes), the bankruptcy or insolvency of the Company or any of its subsidiaries and unsatisfied judgments against the Company.

The Warrants entitle the holders to purchase 659,968 shares of common stock, respectively. The Warrants are exercisable immediately and have a term of four years. The Warrants each have an exercise price of $5.361 per share, subject to adjustment as set forth therein.

The terms of the each of the Convertible Notes and the Warrants provide for anti-dilution protection for issuances of common stock at a price per share less than the price equal to the conversion price or exercise price, as applicable, subject to approval by the Company's stockholders.

The Underlying Shares have not been registered under the Securities Act and were issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder. Each Investor acquired the securities for investment and acknowledged that it is an accredited investor as defined by Rule 501 under the Securities Act. The Convertible Notes, Warrants and Underlying Shares may not be offered or sold in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

Registration Rights Agreement

In connection with the Purchase Agreement, the Company and the Investor entered into the PIPE Registration Rights Agreement, pursuant to which the Company has agreed to register the Underlying Shares on the Registration Statement, to be filed with the SEC within 30 days after the date of the issuance of the Convertible Notes and Warrants and to cause the Registration Statement to be declared effective under the Securities Act no later than 90 days after the date of the Purchase Agreement. If certain of the Company’s obligations under the Registration Rights Agreement are not met, the Company is required to pay partial liquidated damages to the Investor.

Security Agreement

The Company also entered into a Security Agreement (the “Security Agreement”) with the Purchaser, as collateral agent, the Investor and such holders of the Convertible Notes as may be issued in the future (together with the Investors, the “Secured Parties”). Pursuant to the Security Agreement, the Secured Parties were granted a security interest in certain of the Company’s personal property to secure the payment and performance of all of the Company’s obligations under the Convertible Notes, Warrants, Purchase Agreement, Registration Rights Agreement and Security Agreement.

Amended and Restated Belleau Note

On August 11, 2025, the Company and Belleau entered into an Amended & Restated Unsecured Promissory Note, pursuant to which the Belleau Principal was reduced to $1,250,000. All other terms and conditions of the Belleau Note remained the same.

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 Accounting Principles Generally Accepted in the United States ("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, 2024, 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 how brands connect with consumers through the power of playable media. Through solutions within mobile games and the world's largest immersive gaming platforms, Super League provides global brands with ads, content, and experiences that are not only seen – they are played, felt, and remembered. Boasting an award-winning development studio, a vast network of native creators, and proprietary engagement technology, Super League is a one-of-a-kind partner for brands looking to stand out in culture, spark loyalty, and drive meaningful impact. In a world where attention is earned, Super League makes brands relevant - by making them playable.

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.

Executive Summary

During the six months ended June 30, 2025, we continued our mission of transforming how brands engage with consumers through the power of playable media, delivering ads, content, and immersive experiences that are seen and played, and therefore remembered, across mobile games and the world's largest immersive gaming platforms. We continued to execute with respect to our revenue diversification strategy, including our Tik-Tok creator partnership with Meta-Stadiums, our focus on significantly lowering our operating cost structure, our focus on turnkey low-friction product solutions, and continued to forge new partnerships that expand our brand partner and client base. In April 2025, the Company significantly reduced its costs structure through a 35% workforce reduction and restructuring of management compensation ("Second Quarter 2025 Headcount Reductions"). The measures, effective primarily as of April 14, 2025 and May 1st, 2025, respectively, are expected to reduce fiscal year operating costs by approximately $2.7 million through December 31, 2025.

Reverse Stock Split

On June 17, 2025, the Company filed a Certificate of Amendment (the "June 2025 Amendment") to its Charter, which became effective as of June 23, 2025, effecting the 2025 Reverse Stock Split. The 2025 Reverse Split was approved by the Company's Board on June 2, 2025. The Company's shares began trading on a 2025 Reverse Split-adjusted basis on the Nasdaq Capital Market on June 23, 2025.

As a result of the 2025 Reverse Split, every 40 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 2025 Reverse Split. Instead, in lieu of any fractional shares to which a stockholder of record would otherwise be entitled as a result of the 2025 Reverse Split, the Company paid cash (without interest) equal to the value of such fractional share. The 2025 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, preferred stock conversion shares, common stock underlying additional investment rights, share data, per share data and related information contained in the financial statements have been retroactively adjusted to reflect the effect of the 2025 Reverse Split for all periods presented

Acquisition of Supersocial

In May 2025, we acquired Supersocial, an award-winning production studio and creative agency that has been a pioneer on the Roblox platform since its founding in 2020. The acquisition expanded our roster of partnerships and reinforces the Company's mission to connect brands with passionate consumer audiences through the power of play. Supersocial's past clients and partners include Gucci, e.l.f. Cosmetics, NARS Cosmetics, Warner Bros., Walmart, Supermodel Heidi Klum, Universal Music Group, Bandai Namco, Jon Favreau's Fairview Portals, Innov8 Creative Academy, and Legendary Entertainment. Through the acquisition, we acquired multiple live branded games and experiences on Roblox. Super League also will offer all Supersocial partners a broad set of additional opportunities to reach targeted audiences through turnkey playable advertising and playable content - opening up additional ways for brands to connect with focused consumers exactly how they want to be engaged while playing.

Sale of Mineville

On May 19, 2025, the Company entered into a Membership Interest Purchase and Sale Agreement (the "Mineville Purchase Agreement") with Mineville, LLC a Delaware limited liability company ("Purchaser"), pursuant to which the Company agreed to sell, and Purchaser agreed to purchase, 100% of the membership interests (the "Interests") of InPvP, LLC ("InPvP"). Prior to the Mineville Sale, InPVP was a wholly owned subsidiary of the Company that owned and operated the Company's Mineville digital offering. The closing of the Mineville Sale occurred simultaneously with the execution of the Mineville Purchase Agreement. The Purchaser paid cash consideration totaling $350,000 at the Mineville Closing to acquire the Interests.

The parties also agreed upon separate terms for an ongoing commercial relationship whereby the Company was granted the rights to ad sales and brand integration (the "Sales Rights") to all of Purchaser's Microsoft servers for a term of two years (the "Sales Term"). The Company will have exclusive Sales Rights for the first year of the Sales Term, and during the second year the Sales Rights will be non-exclusive. During the Sales Term, the revenue generated from the Sales Rights will be allocated among the Company and Purchaser as follows: (i) the Company will retain 60% of the net revenue until gross sales revenue exceeds $1.0 million; (ii) after gross sales revenue exceed $1.0 million, the Company will retain 50% of the net revenue through the remainder of the Sales Term; and (iii) if gross sales revenue exceeds $1.5 million during the Sales Term, the Sales Term shall renew automatically for one additional year on the same terms as the second year of the Sales Term.

Expanded Relationship with AdArcade

In May 2025, we expanded our partnership with AdArcade, creators of Native Playables®, a patented mobile ad format that delivers three times higher engagement than other mobile playable ads. This exclusive relationship enables Super League to offer consumer brands and media agencies a unique, scalable, full-funnel playable solution with access to 220 million monthly US gamers.

Native Playables are interactive ads that match the gameplay a consumer is already enjoying and are available in more than 25 popular mobile game formats. Native matching leads to higher ad performance across key metrics, with return on ad spend ("ROAS") as high as 13x compared to standard playable ads. A brand's video creative can also run in sync with the playable unit, ensuring consumers both watch and interact with a brand's tested and approved messaging, logos, and iconography.

Expansion into mobile games is a key pillar of our revenue diversification. We believe that this partnership strengthens Super League's ability to deliver full-funnel value - from awareness to targetable, measurable conversion - through scalable, brand-safe media. Native Playables reach audiences who play the world's most downloaded casual and hyper-casual mobile games, further broadening Super League's solutions for brands and agencies to engage the tens of millions of Millennials and Gen X who play, alongside the Gen Z and Gen Alpha consumers who also play Roblox, Minecraft, and Fortnite.

Other

Refer to Note 8 for subsequent events and or transactions that had an impact on our business and or financial statements subsequent to June 30, 2025.

Three Months Ended June 30, 2025 as compared to the Three Months Ended June 30, 2024

Revenue for the three months ended June 30, 2025 totaled $3.0 million, a decrease of $1.1 million or 27%, compared to $4.1 million for the comparable prior year quarter. The decrease in revenue for the three months ended June 30, 2025 reflected the impact of macro headwinds, largely due to tariff uncertainty, continued market education and adoption of immersive platforms as a marketing channel, and a reduction in direct to consumer revenues related to the sale of our Mineville digital property in May 2025.

Cost of revenue for the three months ended June 30, 2025 decreased $0.8 million, or 31% to $1.7 million, compared to $2.5 million in the comparable prior year quarter, driven primarily by the 27% decrease in quarterly revenues for the same periods.

As a percentage of revenue, gross profit for the three months ended June 30, 2025 was 44%, compared to 40% for the prior year comparable quarter.

In April 2025, the Company's significantly reduced its costs structure through a 35% workforce reduction and restructuring of management compensation. The measures, effective primarily as of April 14, 2025 and May 1st, 2025, respectively, are expected to reduce fiscal year operating costs by approximately $2.7 million through December 31, 2025.

Total operating expense for the three months ended June 30, 2025 decreased $1.3 million, or 22% to $4.5 million, compared to $5.7 million in the comparable prior year quarter. Excluding noncash stock compensation expense, intangible asset amortization expense, and other noncash charges (collectively, "noncash charges and credits"), totaling $1.0 million and $1.3 million, respectively, operating expense for the three months ended June 30, 2025 and 2024 was $3.4 million and $4.5 million, respectively, reflecting a $1.1 million, or 23% 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 June 30, 2025, which includes the impact of noncash charges and credits totaling $686,000, was $2.8 million or $(4.52) per share, compared to a net loss of $2.5 million, or $(24.01) per share, in the comparable prior year quarter.

Six Months Ended June 30, 2025 as compared to the Six Months Ended June 30, 2024

Revenue for the six months ended June 30, 2025 totaled $5.7 million, a decrease of $2.6 million or 31%, compared to $8.3 million for the comparable prior year period. The decrease in revenue for the six months ended June 30, 2025 reflected a mix of industry softness in ad sales, stemming from macro environmental factors and uncertainties, including uncertainties around the impact of shifting tariff policies, 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 direct to consumer revenues due to the sale of our Minehut digital property in the first quarter of 2024 and the sale of our Mineville digital property in May 2025.

Cost of revenue for the six months ended June 30, 2025 decreased $1.7 million, or 35% to $3.2 million, compared to $4.9 million in the comparable prior year period, driven primarily by the 31% decrease in quarterly revenues for the same periods.

As a percentage of revenue, gross profit for the six months ended June 30, 2025 was 44%, compared to 41% for the prior year comparable period.

Total operating expense for the six months ended June 30, 2025 decreased $2.8 million, or 23% to $9.2 million, compared to $12.1 million in the comparable prior year period. Excluding noncash charges and credits, totaling $1.8 million and $2.5 million, respectively, operating expense for the six months ended June 30, 2025 and 2024 was $7.5 million and $9.5 million, respectively, reflecting a $2.1 million, or 22% decrease compared to the prior year period, reflecting the impact of our ongoing focus on cost reductions and operating efficiencies. Net loss for the six months ended June 30, 2025, which includes the impact of noncash charges and credits totaling $677,000, was $7.0 million or $(13.40) per share, compared to a net loss of $7.7 million, or $(62.17) per share, in the comparable prior year period.

Equity Financings

On May 30, 2025, the Company entered into a securities purchase agreement (the “May III Purchase Agreement”) with certain investors, which provides for the sale and issuance by the Company in a registered direct offering (the “May III Offering”) of an aggregate of (i) 79,750 shares of the Company’s common stock, at a purchase price of $4.80 per share (the “May III Shares”), and (ii) pre-funded warrants to purchase up to 59,833 shares of common stock at a purchase price of $4.79 per pre-funded warrant (the “May III Pre-Funded Warrants” and, together with the May III Shares, the “May III Securities”), which represents the per share price for the May III Shares less the exercise price of $0.00001 per share. The May III Offering closed on June 2, 2025. The aggregate gross proceeds to the Company from the May III Offering were approximately $670,000, before deducting placement agent commissions and other estimated offering expenses. The Company utilized the net proceeds of the May III Offering for working capital and general corporate purposes, as well as to repay a portion of the Company’s indebtedness.

On May 30, 2025, the Company also entered into a placement agent agreement (the “May III Placement Agent Agreement”) with Aegis Capital Corp. (the “Placement Agent”). Pursuant to the terms of the May III Placement Agent Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the securities in the May III Offering. The Company agreed to pay the Placement Agent a cash fee equal to 8% of the aggregate gross proceeds from the sale of the May III Securities. The Company also agreed to reimburse the Placement Agent for certain expenses.

On May 29, 2025, the Company entered into an underwriting agreement (the “May II Underwriting Agreement”) with Aegis Capital Corp., (the “Underwriter”), relating to the Company’s public offering (the “May II Offering”) of 104,167 shares (the “May II Shares”) of its common stock. Pursuant to the May II Underwriting Agreement, the Company also granted the Underwriter a 45-day option (“May II Option”) to purchase an additional 10,417 shares of common stock (the “May II Option Securities”, and together with the Shares, the “May II Securities”). On May 30, 2025, the Company issued the May II Shares and closed the May II Offering at a public price of $4.80 per share, for net proceeds to the Company of approximately $380,000 after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. The Company utilized the net proceeds of the May II Offering for working capital and general corporate purposes, as well as to repay a portion of the Company’s indebtedness. On May 29, 2025, the Underwriter delivered notice to the Company that it elected to exercise the May II Option with respect to an aggregate of 10,417 May II Option Securities. The closing of the sale of the May II Option Shares occurred on May 30, 2025.

On May 9, 2025, the Company entered into an underwriting agreement (the “May I Underwriting Agreement”) with the Underwriter, relating to the Company’s public offering (the “May I Offering”) of 127,941 shares (the “May I Shares”) of its common stock, par value $0.001 per share. Pursuant to the May I Underwriting Agreement, the Company also granted the Underwriters a 45-day option (“May I Option”) to purchase an additional 19,191 shares of common stock (the “May I Option Securities”, and together with the Shares, the “May I Securities”). On May 12, 2025, the Company issued the firm May I Securities and closed the May I Offering at a public price of $6.80 per share, for net proceeds to the Company of approximately $700,400 after deducting underwriting discounts, commissions and estimated offering expenses payable by the Company. On May 14, 2025, the Underwriter partially exercised its May I Option and purchased an additional 15,441 shares of common stock at a price of $6.80 per share, before deducting underwriting discounts. The issuance by the Company of the May I Option Securities resulted in total gross proceeds of approximately $104,999, before deducting underwriting discounts, commissions, and other offering expenses payable by the Company. The Company utilized the net proceeds of the May I Offering for working capital and general corporate purposes, as well as to repay a portion of the Company’s indebtedness.

NASDAQ Listing Rule 5550(a)(2)

On July 8, 2025, we received a written notice from The Nasdaq Stock Market ("Nasdaq") informing us that the Company has regained compliance with the minimum bid price requirement under NASDAQ Listing Rule 5550(a)(2) (the "Rule") for continued listing on the Nasdaq Capital Market.

Previously, on January 2, 2025, we received a letter (the "Bid Price Letter") from Nasdaq indicating that, based upon the closingbid priceof the Company's common stock, for 30 consecutive business days, the Company was not then currently in compliance with the requirement to maintain a minimumbid priceof $1.00 per share for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2).

NASDAQ Listing Rule 5620(a)

On June 11, 2025, we received a written notice from Nasdaq informing us that the Company has regained compliance with the annual meeting requirement under NASDAQ Listing Rule 5620(a) (the "Annual Meeting Rule") for continued listing on the Nasdaq Capital Market

Previously, on January 3, 2025, the Company received a letter (the "Annual Meeting Letter") from Nasdaq indicating that the Company no longer complied with the Annual Meeting Rule since it did not hold an annual meeting of stockholders within twelve months of the end of the Company's fiscal year ended December 31, 2023.

Nasdaq Listing Rule 5550(b)(1)

On April 7, 2025, the Company received a letter (the "Stockholder Deficiency Letter") from Nasdaq, notifying the Company that it is not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires the Company to maintain a minimum of $2,500,000 in stockholders' equity for continued listing on The Nasdaq Capital Market (the "Stockholders' Equity Requirement"). The Stockholder Deficiency Letter also indicated that the Company does not meet the alternative compliance standards of market value of listed securities or net income from continuing operations. The Company's failure to comply with the Stockholders' Equity Requirement was based on the Company's filing of its Annual Report on Form 10-K for the year ended December 31, 2024, reporting the stockholders' equity of $170,000. The Company prepared and submitted a plan of compliance (which was due within 45 calendar days from receipt of the formal notice) to Nasdaq.

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.

Condensed Consolidated Results of Operations

The following table sets forth a summary of our results of operations for the three and six months ended June 30, 2025 and 2024 (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	$	%	2025	2024	$	%
REVENUE	$ 3,001	$ 4,116	$ (1,115)	(27)%	$ 5,719	$ 8,325	$ (2,606)	(31)%
COST OF REVENUE	1,692	2,470	(778)	(31)%	3,214	4,947	(1,733)	(35)%
GROSS PROFIT	1,309	1,646	(337)	(20)%	2,505	3,378	(873)	(26)%
OPERATING EXPENSE								
Selling, marketing and advertising	2,107	2,633	(526)	(20)%	4,499	4,909	(410)	(8)%
Engineering, technology and development	694	792	(98)	(12)%	1,623	2,491	(868)	(35)%
General and administrative	1,653	2,520	(867)	(34)%	3,173	4,623	(1,450)	(31)%
Contingent consideration	-	(206)	206	(100)%	(14)	53	(67)	(126)%
Total operating expense	4,454	5,739	(1,285)	(22)%	9,281	12,076	(2,795)	(23)%
NET LOSS FROM OPERATIONS	(3,145)	(4,093)	(948)	(23)%	(6,776)	(8,698)	1,922	(22)%
OTHER INCOME (EXPENSE), NET	362	1,638	(1,276)	(78)%	(237)	983	(1,220)	(124)%
Loss before benefit from income taxes	(2,783)	(2,455)	328	13%	(7,013)	(7,715)	(702)	(9)%
Benefit from income taxes	-	-	-	-%	-	-	-	-
NET LOSS	$ (2,783)	$ (2,455)	$ 328	13%	$ (7,013)	$ (7,715)	$ (702)	(9)%

Comparison of the Results of Operations for the Three and Six Months Ended June 30, 2025 and 2024

Revenue (dollars in thousands)

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	$	%	2025	2024	$	%
Media and advertising	$ 1,476	$ 1,734	$ (258)	(15)%	$ 2,748	$ 3,099	$ (351)	(11)%
Publishing and content studio	1,391	2,204	(813)	(37)%	2,658	4,742	(2,084)	(44)%
Direct to consumer	134	178	(44)	(25)%	313	484	(171)	(35)%
	$ 3,001	$ 4,116	$ (1,115)	(27)%	$ 5,719	$ 8,325	$ (2,606)	(31)%

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Number of customers > 10% of revenue / percent of revenue	Three / 48%	Two / 40%	Two / 31%	Two / 26%
By revenue category:				
Media and advertising	Three / 47%	One / 23%	One / 17%	One / 11%
Publishing and content studio	One / 1%	One / 17%	One / 14%	Two / 15%

Three Months Ended June 30, 2025, Compared to the Three Months Ended June 30, 2024:

- Total revenue decreased $1.1 million, or 27% to $3.0 million, compared to $4.1 million in the comparable prior year quarter.

- Media and advertising revenue decreased $258,000, or 15%, to $1.5 million, compared to $1.7 million in the comparable prior year quarter. The change reflected a $409,000 strategic decrease in lower margin influencer marketing revenues, partially offset by a $341,000 increase in higher average margin off-platform related media sales revenue. Off-platform sales revenues as a percentage of total revenue for the three months ended June 30, 2025 and 2024 were 16% and 3%, respectively, reflecting the impact of our strategic focus on diversifying our revenue streams and related opportunities.

- Publishing and content studio revenue decreased $813,000, or 37%, to $1.4 million, compared to $2.2 million in the comparable prior year quarter, driven primarily by a net $822,000 decrease in custom game development and immersive experience related revenues. Revenues for the three months ended June 30, 2025 included revenues from immersive experiences for Lions Gate Ancillary LLC. (World Crossing), Second Dinner Studios, Inc. (Nuverse Marvel Snap), CMG Strategy Co., LLC (Chipotle / Halsey experience), United States Golf Association, Hi-Chew, Panda Express, Heidi Klum Company and Logitech. Revenues for the three months ended June 30, 2024 included $1.0 million of revenues for the International Olympic Committee and related Visa Shoppes custom game development experiences, as well as immersive experiences for Claire's Stores, Inc, Funnico Inc, AVID Center, L'Oreal, and Westpac.

- Direct to consumer revenue decreased $44,000, or 25%, to $134,000, compared to $178,000 in the comparable prior year quarter. The decrease primarily reflects the impact of the sale of our Mineville digital property in May 2025, which prior to the sale, generated direct to consumer Minecraft related digital goods revenues for the Company.

Six Months Ended June 30, 2025, Compared to the Six Months Ended June 30, 2024:

- Total revenue decreased $2.6 million, or 31% to $5.7 million, compared to $8.3 million in the comparable prior year period.

- Media and advertising revenue decreased $351,000, or 11%, to $2.7 million, compared to $3.1 million in the comparable prior year period. The change reflected a $632,000 strategic decrease in lower margin influencer marketing revenues, partially offset by a $436,000 increase in off-platform related media sales revenue. Revenues for the six months ended June 30, 2024 included $935,000 of influencer marketing revenues from our Ubisoft/Xdefiant program. Off-platform sales revenues for the six months ended June 30, 2025 and 2024 were 14% and 5%, respectively, reflecting the impact of our strategic focus on diversifying our revenue streams and related opportunities.

- Publishing and content studio revenue decreased $2.1 million, or 44%, to $2.6 million, compared to $4.7 million in the comparable prior year period, driven primarily by a net $2.1 million decrease in custom game development and immersive experience related revenues. Revenues for the six months ended June 30, 2025 included revenues from immersive experiences for Lions Gate Ancillary LLC. (World Crossing), Second Dinner, Inc./Funnico Inc. (Nuverse Marvel Snap), CMG Strategy Co., LLC (Chipotle / Halsey experience), United States Golf Association, Hi-Chew, Panda Express, Heidi Klum Company and Logitech. Revenues for the six months ended June 30, 2024 included $1.8 million of revenues for the International Olympic Committee and related Visa Shoppes custom game development experiences.

- Direct to consumer revenue decreased $171,000, or 35%, to $313,000, compared to $484,000 in the comparable prior year period. The decrease primarily reflects the impact of the sale of our Minehut digital property in the first quarter of 2024 and the sale of our Mineville digital property in May 2025, which prior to the sale, generated direct to consumer Minecraft related digital goods revenues for the Company.

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 June 30, 2025, Compared to the Three Months Ended June 30, 2024:

- Cost of revenue decreased $778,000, or 31%, relatively consistent with the 27% decrease in related revenues for the quarterly periods presented. The greater than proportional change in cost of revenue was primarily due to the impact of the strategic 94% decrease in influencer marketing revenues in the current period, which generally have a higher average direct cost profile.

Six Months Ended June 30, 2025, Compared to the Six Months Ended June 30, 2024:

- Cost of revenue decreased $1.7 million, or 35%, relatively consistent with the 31% decrease in related revenues for the year to date periods presented. The greater than proportional change in cost of revenue was primarily due to the impact of the strategic 90% decrease in influencer marketing revenues in the current period, which generally have a higher average direct cost profile.

Operating Expense

Refer to the table summarizing our results of operations for the three and six months ended June 30, 2025 and 2024 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):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	**2024**	**$**	**%**	**2025**	**2024**	**$**	**%**
Sales, marketing and advertising	$ 163	$ 132	$ 31	23%	$ 251	$ 254	$ (3)	(1)%
Engineering, technology and development	8	6	2	33%	13	17	(4)	(24)%
General and administrative	305	160	145	91%	495	359	136	38%
Total noncash stock compensation expense	$ 476	$ 298	$ 178	60%	$ 759	$ 630	$ 129	20%

Concurrent with the cancellation of the awards outstanding under the 2014 Plan, as described and defined in Note 2, the Board approved the issuance of 70,900 equity awards under the 2025 Plan, comprised of 40,104 stock options and 30,796 RSUs to employees with the following general terms: 1) exercise price of $5.08 per share for stock options, 2) shares of common stock associated with all RSUs valued at $5.08 per share, the closing price of the Company's common stock on the grant date, and 3) RSU and Option grants to vest at the rate of 1/24th per month in arrears ("2025 Exchanged Awards").

Unrecognized compensation expense related to the awards cancelled under the 2014 Plan totaled $408,000 which will be recognized prospectively over the remaining modified service period of 2 years. Total incremental compensation cost related to the 2025 Exchanged Awards totaled $307,000, $165,000 of which related to vested awards as of the modification date and was recognized as expense immediately in the statement of operations for the three months ended June 30, 2025, and $141,000 related to unvested awards which will be recognized prospectively over the remaining modified service period of 2 years.

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	$	%	2025	2024	$	%
Sales, marketing and advertising	$ 176	$ 199	$ (23)	(12)%	$ 351	$ 397	$ (46)	(12)%
Engineering, technology and development	237	215	22	10%	468	506	(38)	(8)%
General and administrative	127	190	(63)	(33)%	261	383	(122)	(32)%
Total amortization expense	$ 540	$ 604	$ (64)	(11)%	$ 1,080	$ 1,286	$ (206)	(16)%

Amortization expense for the three and six months ended June 30, 2025 decreased due primarily to a $70,000 and $139,000, respectively, reduction reflecting the completion of amortization (amortization period ended in the fourth quarter of 2024) of intangible assets acquired in connection with the acquisition of Super Biz in October 2021, and a $86,000 (year to date period only) reduction in amortization expense related to the sale of our Minehut assets in the first quarter of 2024, as described below.

Selling, Marketing and Advertising

Three Months Ended June 30, 2025, Compared to the Three Months Ended June 30, 2024:

Selling, marketing and advertising expense decreased $526,000, or 20%. The change was primarily due to a $702,000, or 32% reduction in selling, marketing and advertising personnel costs in connection with the Second Quarter 2025 Headcount Reductions and ongoing cost optimization activities. The decrease was partially offset by a $171,000, or 48% decrease in advertising personnel costs allocated to cost of revenue totaling $189,000, consistent with the decrease in revenues for the periods presented.

Six Months Ended June 30, 2025, Compared to the Six Months Ended June 30, 2025:

Selling, marketing and advertising expense decreased $410,000, or 8%. The change was primarily due to a $1.0 million, or 22% reduction in selling, marketing and advertising personnel costs in connection with the Second Quarter 2025 Headcount Reductions and ongoing cost optimization activities. The decrease was partially offset by a $369,000, or 43% reduction in selling, marketing and advertising personnel costs allocated to cost of revenue, consistent with the decrease in revenues for the periods presented, and credits reflected during the three months ended June 30, 2024 related to influencer marketing expense related estimates recorded in prior periods.

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 June 30, 2025, Compared to the Three Months Ended June 30, 2024:

- Engineering, technology and development expense decreased $98,000, or 12%, driven primarily by a $308,000 reduction in product and engineering personnel costs in connection with the Second Quarter 2025 Headcount Reductions and ongoing cost optimization activities. The decrease was partially offset by a 65% decrease in engineering personnel costs allocated to cost of revenue totaling $200,000, consistent with the decrease in revenues for the periods presented.

Six Months Ended June 30, 2025, Compared to the Six Months Ended June 30, 2025:

- Engineering, technology and development expense decreased $868,000, or 35%, driven primarily by a reduction in product and engineering personnel expense totaling $669,000, or 38%, reflecting the impact of Second Quarter 2025 Headcount Reductions and a decrease in cloud services and other technology platform costs totaling $255,000, or 50%, relating to cost reduction activities, including the sale of our Minehut and Mineville digital assets, as described herein. The decrease was partially offset by a $231,000, or 50% decrease in engineering personnel costs allocated to cost of revenue, consistent with the decrease in revenues for the periods presented.

General and Administrative

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2025	2024	$	%	2025	2024	$	%
Personnel costs	$ 409	$ 426	$ (17)	(4)%	$ 869	$ 953	$ (84)	(9)%
Office and facilities	22	51	(29)	(57)%	54	98	(44)	(45)%
Professional fees	182	274	(92)	(34)%	440	571	(131)	(23)%
Stock-based compensation	305	160	145	91%	496	358	138	39%
Depreciation and amortization	131	206	(75)	(36)%	270	416	(146)	(35)%
Other	604	1,403	(799)	(57)%	1,044	2,227	(1,183)	(53)%
Total general and administrative expense	$ 1,653	$ 2,520	$ (867)	(34)%	$ 3,173	$ 4,623	$ (1,450)	(31)%

Three Months Ended June 30, 2025, Compared to the Three Months Ended June 30, 2024:

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

- Personnel costs decreased due to a reduction in various corporate, general and administrative costs in connection with the Second Quarter 2025 Headcount Reductions and ongoing cost reduction and optimization activities.

- Noncash Stock Compensation expense increased primarily due to a $49,000 of incremental expense recognized immediately in the statement of operations related to the vested portion of the 2025 Exchanged Awards, as described at Note 2. In addition, the increase reflects a $213,000 increase in noncash stock compensation expense incurred in connection with the use third-party investor relations and other consultants, and a net reduction of $118,000 related to headcount reductions and the ending of amortization periods for equity awards granted in prior periods.

- Amortization expense decreased due primarily to the completion of amortization, in the fourth quarter of 2024, of developer relationship related intangible assets acquired in connection with the acquisition of Super Biz in October 2021, prior to January 1, 2025.

- The decrease in other expense was primarily due to a reduction in information technology, insurance and other corporate costs in connection with ongoing cost reduction activities. In addition, other expense for the three months ended June 30, 2024 included a noncash legal settlement expense incurred in connection with the Pioneer Settlement, described at Note 7, comprised of $346,000 of noncash expense in connection with the issuance of 6,875 shares of common stock to Pioneer, and a noncash incremental fair value charge totaling $213,000, related to Pioneer AA AIRs, which were modified to include a reduction in conversion price and an extension of the exercise term in May 2024, as described at Note 7.

Six Months Ended June 30, 2025, Compared to the Six Months Ended June 30, 2025:

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

- Personnel costs decreased due to a reduction in various corporate, general and administrative costs in connection with the second quarter 2025 and ongoing cost reduction and optimization activities.

- Noncash Stock Compensation expense increased primarily due to a $49,000 of incremental expense recognized immediately in the statement of operations related to the vested portion of the 2025 Exchanged Awards as described at Note 2. In addition, the increase reflects a $350,000 increase in noncash stock compensation expense incurred in connection with the use of third-party investor relations and other consultants, and a net reduction of $274,000 related to headcount reductions and the ending of amortization periods for equity awards granted in prior periods.

- Amortization expense decreased due primarily to the completion of amortization, in the fourth quarter of 2024, of developer relationship related intangible assets acquired in connection with the acquisition of Super Biz in October 2021, prior to January 1, 2025.

- The decrease in other expense was primarily due to a reduction in information technology, insurance and other corporate costs in connection with ongoing cost reduction activities. In addition, other expense for the six months ended June 30, 2024 included a 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 6,875 shares of common stock to Pioneer, and a noncash incremental fair value charge totaling $213,000, related to Pioneer AA AIRs, which were modified to include a reduction in conversion price and an extension of the exercise term in May 2024, as described above. Other expense for the six months ended June 30, 2024 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 2022 Note Holder Settlement Agreement, as described at Note 7.

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"). 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.

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"). In connection with the Melon Acquisition described in Note 4, 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 December 31, 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 total contingent consideration, which is included in contingent consideration expense in the condensed consolidated statements of operations for the applicable periods present was comprised of the following (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning balance	$ 124	$ 2,466	$ 138	$ 2,208
Accrued contingent consideration(3)	-	-	-	142
Change in fair value(2)	-	(205)	(14)	(89)
Contingent consideration Payments	(8)	(160)	(8)	(160)
Accrued contingent consideration(1) (3)	$ 116	$ 2,101	$ 116	$ 2,101

(1) As of June 30, 2025, the accrual for the final Melon Second Earn Out Period was comprised of the cash portion of the earn out payment. As of June 30, 2024, the accrual for the Second Earn Out Period included 2,105 shares of common stock valued at $32.00, the closing price of our common stock as of June 30, 2024. As of June 30, 2024, reflected the cash portion of the final Superbiz Second Earn Out Period related contingent consideration payable totaling $1.8 million.

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

(3) In August 2024, the Company issued an unsecured promissory note to the Founders (as defined at Note 4) in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding as described at Note 4.

Other Income (Expense), Net

Sale of Mineville

On May 19, 2025, the Company entered into the Mineville Purchase Agreement with Mineville, LLC a Delaware limited liability company, pursuant to which the Company agreed to sell, and Purchaser agreed to purchase 100% of the Interests of InPvP for cash consideration totaling $350,000, as described earlier in this Report. The net carrying value of Mineville assets sold totaled $350,000 as of May 19, 2025, which historically were included in intangible assets, net in the condensed consolidated balance sheets, resulting in no gain or loss in connection with the Mineville Sale.

Gain on Sale of Minehut Assets

On February 29, 2024, the Company sold its Minehut Assets to GamerSafer in a transaction approved by the Board. Pursuant to the GS Agreement entered into by and between Super League and 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. 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 sheets.

The Company recorded a receivable for the total estimated Minehut Purchase Consideration totaling $619,000 and recognized an initial gain on sale of the Minehut Assets totaling $144,000, which is included in other income in the condensed consolidated statements of operations for the three and six months ended June 30, 2024. The Minehut 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 in excess of the estimated purchase consideration recorded at contract inception, up to the $1.0 million stated contractual amount of purchase consideration, are recognized as additional gains on the sale of Minehut Assets when realized. Additional gains on the sale of the Minehut Assets subsequent to the initial accounting for the transaction for the three and six months ended June 30, 2025, totaled $100,000 and $343,0000, respectively. Additional gains on the sale of the Minehut Assets subsequent to the initial accounting for the transaction for the three and six months ended June 30, 2024, totaled $0and $0, respectively. From the date of sale of the Minehut Assets through June 30, 2025, the Company calculated royalties due from GamerSafer, applied against the Minehut Purchase Consideration receivable pursuant to the GS Agreement, totaling $1,000,000.

Change in Fair Value of Warrant Liabilities

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 25 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 $40.00 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, which was obtained on June 9, 2025.

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 condensed consolidated balance sheet and re-valued at each reporting date, with changes in the fair value reported in the condensed 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 earlier in this Report, 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 condensed consolidated balance sheet and re-valued at each reporting date, with changes in the fair value reported in the condensed 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 June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Series AAA Junior-3 and Series AAA Junior-4 Warrants:				
Beginning balance	$ 78,000	$ 2,332,000	$ 348,000	$ 1,571,000
Change in fair value	(58,000)	(1,667,000)	(328,000)	(906,000)
Subtotal - Fair value of warrant liability - Series AAA Junior -3 and Series AAA Junior – 4 Warrants	20,000	665,000	20,000	665,000
Placement Agent Warrants:				
Beginning balance	140,000	-	587,000	-
Change in fair value	(86,000)	-	(533,000)	-
Subtotal - Fair value of warrant liability – Placement Agent Warrants	$ 54,000	$ -	$ 54,000	$ -
Total fair value of warrant liability	$ 74,000	$ 665,000	$ 74,000	$ 665,000

(1) Estimated fair value on the respective dates of issuance.

Interest expense, including change in fair value of promissory notes carried at fair value

Interest expense, including change in fair value of promissory notes carried at fair value, primarily reflects the change in fair value of debt accounted for under the fair value option ("FVO") as described at Note 2. Interest expense, including change in fair value of promissory notes carried at fair value for the periods presented was comprised of the following:

	Three Months Ended June 30, 2025	Three Months Ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Super Biz Note:	$ 23,000	$ -	$ 15,000	$ -
Agile I Note:	-	-	358,000	-
Agile II Note	164,000	-	1,002,000	-
RP Note:	(269,000)	-	35,000	-
Belleau Note:	(153,000)	-	(212,000)	-
1800 Diagonal Note:	14,000	-	(25,000)	-
SLR Facility:	37,000	15,000	45,000	33,000
Other	3,000	-	3,000	-
Total interest expense (income)	$ (181,000)	$ 15,000	$ 1,221,000	$ 33,000

Debt Issuance Costs

Other income (expense), net for the three and six months ended June 30, 2025 included debt issuance costs paid totaling $7,000 and $139,000, respectively, in connection with the issuance of the Agile II Note, Diagonal I Note, and Diagonal II Note, as described at Note 5.

Liquidity and Capital Resources

General

Cash and cash equivalents totaled $0.48 million and $1.3 million at June 30, 2025 and December 31, 2024, 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 as disclosed in the condensed consolidated statements of operations for the periods presented herein, and had an accumulated deficit of $277.1 million as of June 30, 2025. For the six months ended June 30, 2025 and 2024, net cash used in operating activities totaled $4.0 million and $6.1 million, 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 FASB ASC 205-40, "Presentation of Financial Statements - Going Concern," ("ASC 205").

Management's Plans

During the current and prior fiscal year, the Company continued its focus on the expansion of its 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 the Company's growth and execute our business strategy, including strategic partnerships and/or other forms of equity or debt financings.

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 condensed 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.

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.

Equity Financings

Refer to Note 6 for information on equity financings completed during the three and six months ended June 30, 2025.

Exchange Agreements

Preferred Stock Exchange Agreements

On July 7, 2025, the Company entered into an Exchange Agreement with the Michael Keller Trust (the "Trust"), pursuant to which the Company and the Trust agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to the Trust, dated November 19, 2024, with the principal and interest thereon being equal to $1,878,082, the Trust would be granted (a) 1,500,000 shares of Series AAAA Jr. Convertible Preferred Stock, and (b) cash payments totaling $378,002, such payments to be made in equal monthly installments of approximately $63,000, commencing on October 15, 2025, and concluding on March 15, 2026 (the "Trust Agreement").

On July 8, 2025, the Company entered into Exchange Agreements with: (i) Ben Khakshoor, pursuant to which the Company and Mr. Khakshoor agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Mr. Khakshoor, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $711,361, Mr. Khakshoor will be issued 711,361 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Khakshoor Agreement"); (ii) Sam Drozdov, pursuant to which the Company and Mr. Drozdov agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Mr. Drozdov, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $711,361, Mr. Drozdov would be granted 711,361 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Drozdov Agreement"); and (iii) Firepit Partners Co. ("Firepit"), pursuant to which the Company and Firepit agreed that in exchange for the surrender and forgiveness of that certain promissory note issued to Firepit, dated August 1, 2024, and amended on June 13, 2025, with the principal and interest thereon being equal to $474,242, Firepit would be granted 474,242 shares of the Company's Series AAAA Jr. Convertible Preferred Stock (the "Firepit Agreement", and collectively with the Khakshoor Agreement and Drozdov Agreement, the "Preferred Exchange Agreements").

Common Stock Exchange Agreement

On July 10, 2025, the Company entered into an Exchange Agreement (the "Exchange Agreement", and collectively with the Preferred Exchange Agreements, the "Exchange Agreements") with Agile Capital Funding, LLC (the "Collateral Agent"), and Agile Lending, LLC (collectively with the Collateral Agent, "Agile"), pursuant to which the Company and Agile agreed that in exchange for the surrender and forgiveness of that certain Secured Promissory Note issued to Agile, dated February 7, 2025, with the remaining amount of principal and interest thereunder being $1,331,250, Agile received (a) 44,128 shares of common stock (the "Exchange Shares"), (b) pre-funded warrants to purchase 173,023 shares of common stock (the "Pre-Funded Warrants", and collectively with the Exchange Shares, the "Exchange Securities"), with the Exchange Securities to be valued at a price of $5.67, such amount above the Nasdaq Minimum Price, and (c) four equal cash payments of $25,000 to Agile, totaling $100,000, beginning on July 10, 2025, and every seven days thereafter.

Equity Line of Credit

Equity Purchase Agreement

On July 10, 2025 (the "Execution Date"), the Company, entered into an equity purchase agreement ("Equity Purchase Agreement") with Yield Point NY, LLC (the "Investor"). Under the Equity Purchase Agreement, the Company has the right, but not the obligation, to direct the Investor to purchase up to $20,000,000 (the "Maximum Commitment Amount") in shares of common stock of the Company upon satisfaction of certain terms and conditions contained in the Equity Purchase Agreement, including, without limitation, an effective registration statement filed with the SEC registering the resale of the shares of Put Stock (defined below) and the shares of Commitment Stock (defined below) and additional shares to be sold to the Investor from time to time under the Equity Purchase Agreement. The term of the Equity Purchase Agreement began on the Execution Date and ends on the earlier of (i) the date on which the Investor shall have purchased shares of common stock issued, or that the Company shall be entitled to issue, per any applicable Put Notice in accordance with the terms and conditions of the Equity Purchase Agreement (the "Put Stock") equal to the Maximum Commitment Amount (as defined in the Equity Purchase Agreement), (ii) the date that is thirty-six (36) months from the date the registration statement is declared effective, (iii) written notice of termination by the Company to the Investor (which shall not occur at any time that the Investor holds any of the shares of Put Stock, or within 30 days of the sale to the Investor of Put Stock), or (iv) written notice of termination by the Investor to the Company (the "Commitment Period").

During the Commitment Period, the Company may direct the Investor to purchase shares of Put Stock by delivering a notice (a "Put Notice") to the Investor. The Company shall, in its sole discretion, select the number of shares of Put Stock requested by the Company in each Put Notice. However, such amount may not exceed the Maximum Put Amount (as defined in the Equity Purchase Agreement). The purchase price to be paid by the Investor for the shares of Put Stock will be ninety-two percent (92%) of the lowest VWAP for a trading day on the Principal Market during the Valuation Period (as defined in the Equity Purchase Agreement).

In consideration for the Investor's execution and delivery of, and performance under the Equity Purchase Agreement, on the Execution Date, the Company in its discretion shall either (i) pay to the Investor in cash $600,000 ("Commitment Cash") or (ii) issue pre-funded warrants to purchase common stock (the "Pre-Funded Warrant") to the Investor in a form acceptable to the Investor in its sole discretion and having an exercise price per share of $0.001 (the "Commitment Stock") having a value of $600,000 based on closing price of the common stock on July 9, 2025. All of the shares of Commitment Stock were fully earned as of the Execution Date, and the issuance of the shares of Commitment Stock is not contingent upon any other event or condition, including, without limitation, the effectiveness of the Initial Registration Statement (defined below) or the Company's submission of a Put Notice to the Investor and irrespective of any termination of the Equity Purchase Agreement.

Under the Equity Purchase Agreement, the Company was obligated to file with the SEC, on or before August 10, 2025, a registration statement on Form S-1 (the "Initial Registration Statement") covering only the resale of the shares of Put Stock and Commitment Stock and to use its best efforts to have the Initial Registration declared effective no later than October 10, 2025. The Company filed the Initial Registration Statement on July 17, 2025, but such Initial Registration Statement is not yet effective.

The Equity Purchase Agreement contains customary representations, warranties, agreements, and conditions to completing future sale transactions, indemnification rights and obligations of the parties. Among other things, the Investor represented to the Company, that it is an "accredited investor" (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the "Securities Act")).

Pre-Funded Warrant

The Pre-Funded Warrant certifies that, for value received, the Investor is entitled to be issued up to $600,000 shares of common stock and has an initial exercise price of $0.001 per share. The pre-funded warrants may not be exercised if the aggregate number of shares of the common stock beneficially owned by the holder would exceed 4.99% immediately after exercise thereof, which ownership cap may be increased by the holder up to 9.99% upon 61 days' prior notice.

Registration Rights Agreement

On July 10, 2025 (the "RRA Execution Date"), in connection with the Equity Purchase Agreement, the Company entered into a registration rights agreement with the Investor (the "Registration Rights Agreement"), pursuant to which the Company shall, by August 10, 2025, file with the SEC the Initial Registration Statement covering the maximum number of (i) shares of Commitment Stock, (ii) shares of Put Stock, which have been, or which may, from time to time be issued, including without limitation all of the shares of common stock which have been issued or will be issued to the Investor under the Equity Purchase Agreement (without regard to any limitation or restriction on purchases), and (iii) any and all shares of capital stock issued or issuable with respect to the Put Stock, Commitment Stock, and the Equity Purchase Agreement as a result of any stock split, combination, stock dividend, recapitalization, exchange, or similar event, or otherwise, without regard to any limitation on purchases under the Equity Purchase Agreement (the "Registrable Securities"), as shall be permitted to be included thereon in accordance with applicable SEC rules, regulations, and interpretations so as to permit the resale of the Registrable Securities by the Investor, including, but not limited to, under Rule 415 at then-prevailing market prices (and not fixed prices). The Initial Registration Statement shall register only Registrable Securities. The Company shall use its commercial best efforts to have the Initial Registration Statement and any amendment thereto declared effective by the SEC at the earliest possible date, but in no event later than October 10, 2025.

Private Placement Offering

On July 10, 2025, the Company entered into a securities purchase agreement (the "Purchase Agreement") with the Investor, pursuant to which the Company agreed to sell (the "Offering") up to (i) an aggregate principal amount of $4,494,382 in 8% Senior Secured Convertible Notes, maturing eighteen (18) months after the issue date, with original issue discount of 11%, convertible into shares of common stock of the Company at a conversion price of $6.815 per share, and if not converted then amortized over the final twelve (12) months concluding on the maturity date, and (ii) Common Stock Purchase Warrants to purchase 659,968 shares of common stock at an exercise price of $5.361 per share (the "Warrants"). The Company received $4,000,000 in gross proceeds from the Offering.

Securities Purchase Agreement

The Purchase Agreement contains representations and warranties of the Company and the Investors which are typical for transactions of this type. In addition, the Purchase Agreement contains customary covenants on the Company's part that are typical for transactions of this type, as well as the following additional covenants: (i) for as long as the Notes remain outstanding, the Company agreed not to effect or enter into an Equity Line of Credit or agreement to effect any issuance by the Company or any of its subsidiaries involving a variable rate transaction; (ii) the Company agreed to offer to the Investors, for so long as any amount in excess of $1,500,000 remains outstanding on the Note, the opportunity to participate in an amount equal to 25% in any subsequent securities offerings by the Company; (iii) the Company agreed to hold a stockholder meeting within 90 days of the date of the Agreement at which the Company will solicit the stockholders' affirmative vote for approval of the anti-dilution provisions described in the transaction documents in accordance with the applicable law and rules and regulations of Nasdaq.

The Purchase Agreement obligates the Company to indemnify the Investors and various related parties for certain losses including those resulting from (i) any misrepresentation or breach of any representation or warranty made by the Company, (ii) any breach of any obligation of the Company, and (iii) certain claims by third parties.

Convertible Notes and Warrants

The Convertible Notes are senior secured obligations of the Company and are secured by certain personal property of the Company, pursuant to a Security Agreement (as defined below). Unless earlier converted, the Convertible Notes will mature in January 2027. The Convertible Notes bear interest at a rate of 8% per annum, subject to increase in the event of default to the lesser of 18% per annum or the maximum rate permitted under applicable law. The Convertible Notes, including interest accrued thereon, are convertible at any time until a Convertible Note is no longer outstanding, in whole or in part, at the option of the holders into shares of common stock at a conversion price of $6.815 per share, subject to adjustment as set forth therein. The Convertible Notes have a beneficial ownership limitation such that none of the Investors have the right to convert any portion of their Convertible Notes if the Investor (together with its affiliates or any other persons acting together as a group with the Investor) would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock issuable upon conversion of such Convertible Notes, or, upon 61 days' prior written notice to the Company, 9.99% of the number of shares of common stock outstanding immediately after giving effect to the issuance of common stock issuable upon conversion of such Convertible Notes. Commencing on the six-month anniversary of the date of the issuance of the Note, and on the same date every month thereafter, the Company shall make 12 equal amortization payments, with each payment being equal to one-twelfth of the initial principal amount, plus all accrued but unpaid interest.

The Convertible Notes also contain certain negative covenants, including prohibitions on the incurrence of indebtedness, liens, amendments to the Company's organizational documents, dividends, redemption, related party transactions and entry into any equity line of credit agreement or variable rate transactions. The Convertible Notes also contain standard and customary events of default including, but not limited to, failure to make payments when due, failure to observe or perform covenants or agreements contained in the Convertible Notes, existence of a default or event of default under any of the Transaction Documents (as defined in the Convertible Notes), the bankruptcy or insolvency of the Company or any of its subsidiaries and unsatisfied judgments against the Company.

The Warrants entitle the holders to purchase 659,968 shares of common stock, respectively. The Warrants are exercisable immediately and have a term of four years. The Warrants each have an exercise price of $5.361 per share, subject to adjustment as set forth therein.

The terms of the each of the Convertible Notes and the Warrants provide for anti-dilution protection for issuances of common stock at a price per share less than the price equal to the conversion price or exercise price, as applicable, subject to approval by the Company's stockholders.

The Convertible Notes, Warrants and the shares of common stock issuable upon conversion and exercise of the Convertible Notes and Warrants (the "Underlying Shares") have not been registered under the Securities Act and were issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder. Each Investor acquired the securities for investment and acknowledged that it is an accredited investor as defined by Rule 501 under the Securities Act. The Convertible Notes, Warrants and Underlying Shares may not be offered or sold in the absence of an effective registration statement or exemption from the registration requirements under the Securities Act.

Registration Rights Agreement

In connection with the Purchase Agreement, the Company and the Investor entered into a Registration Rights Agreement (the "PIPE Registration Rights Agreement"), pursuant to which the Company has agreed to register the Underlying Shares on a registration statement on Form S-3 (the "Registration Statement") to be filed with the SEC within 30 days after the date of the issuance of the Convertible Notes and Warrants and to cause the Registration Statement to be declared effective under the Securities Act no later than 90 days after the date of the Purchase Agreement. If certain of the Company's obligations under the Registration Rights Agreement are not met, the Company is required to pay partial liquidated damages to the Investor. The Company filed the Registration Statement on August 11, 2025, but the Registration Statement is not yet effective.

Security Agreement

The Company also entered into a Security Agreement (the "Security Agreement") with the Investor, as collateral agent, the Investor and such holders of the Convertible Notes as may be issued in the future (together with the Investors, the "Secured Parties"). Pursuant to the Security Agreement, the Secured Parties were granted a security interest in certain of the Company's personal property to secure the payment and performance of all of the Company's obligations under the Convertible Notes, Warrants, Purchase Agreement, Registration Rights Agreement and Security Agreement (together, the "Transaction Documents").

Hudson Equity Line of Credit

On February 14, 2025, the Company entered into an equity purchase agreement (the "Hudson Equity Purchase Agreement") with Hudson Global Ventures, LLC, a Nevada limited liability company ("Hudson"). Pursuant to the Hudson Equity Purchase Agreement, the Company had the right, but not the obligation, to sell to Hudson, and Hudson is obligated to purchase, up to $2.9 million of newly issued shares (the "Hudson Total Commitment") of the Company's common stock, from time to time during the term of the Hudson Equity Purchase Agreement, subject to certain limitations and conditions (the "Hudson Offering" or "Hudson ELOC"). As consideration for Hudson's commitment to purchase shares of common stock under the Hudson Purchase Agreement, the Company issued to Hudson 7,500 shares of common stock, valued at $159,000, following the execution of the Hudson Equity Purchase Agreement (the "Hudson Commitment Shares").

From and after the initial satisfaction of the conditions to our right to commence sales to Hudson under the Hudson Equity Purchase Agreement (such event, the "Hudson Commencement," and the date of initial satisfaction of all such conditions, the "Hudson Commencement Date"), the Company was able to direct Hudson to purchase shares of common stock at a purchase price per share equal to the lesser of (i) 92% of the closing price of the Company's common stock, as listed on Nasdaq, on the trading day immediately preceding the respective Put Date (the "Hudson Initial Purchase Price"), or (ii) 92% of the lowest closing price of the Company's common stock on the Nasdaq Capital Market on any trading day during the period beginning on the Put Date (as defined in the Hudson Purchase Agreement) and continuing through the date that is three trading days immediately following the Clearing Date (as defined in the Hudson Purchase Agreement) associated with the applicable Hudson Put Notice (such three trading day period is the "Hudson Valuation Period", and the price is the "Hudson Market Price"), on such date on which the Hudson Purchase Price is calculated in accordance with the terms of the Hudson Equity Purchase Agreement. The Company controlled the timing and amount of any such sales of common stock to Hudson.

During the three and six months ended June 30, 2025 the Company sold zero and 17,925 shares of common stock, respectively, under the Hudson ELOC at an average per share price of $13.60, raising net proceeds totaling $231,000. The Hudson Equity Purchase Agreement was terminated effective May 8, 2025. The Company utilized the net proceeds from the Hudson Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures.

Cash Flows for the Six Months Ended June 30, 2025 and 2024

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

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Net cash used in operating activities	$ (3,995)	$ (6,052)
Net cash provided by (used in) investing activities	796	(284)
Net cash provided by financing activities	2,364	412
Net decrease in cash	(835)	(5,924)
Cash and cash equivalents, at beginning of period	1,310	7,609
Cash and cash equivalents, at end of period	$ 475	$ 1,685

Cash Flows from Operating Activities.

Net cash used in operating activities during the six months ended June 30, 2025, 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 $1.1 million, depreciation and amortization charges of $759,000, net changes in fair value of certain liabilities of ($560,000), noncash gain on sale of Minehut assets of ($152,000) and net changes in working capital of $1.9 million. 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 six months ended June 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 $630,000, depreciation and amortization charges of $1,320,000, gain on disposal of intangible assets of $(144,000), net changes in fair value of certain liabilities of ($996,000), noncash legal settlement charges of $724,000 and net changes in working capital of $129,000. Changes in working capital primarily reflected the impact of the management and settlement of receivables and payables in the ordinary course.

Cash Flows from Investing Activities.

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

	Six Months Ended June 30,	
	2025	**2024**
Proceeds from sale of Mineville Assets	$ 350	
Proceeds from sale of Minehut Assets	656	$ -
Capitalization of software development costs	(200)	(284)
Other	(10)	-
Net cash provided by (used in) investing activities	$ 796	$ (284)

Sale of Mineville Assets. On May 19, 2025, the Company entered into the Mineville Purchase Agreement with the Purchaser, pursuant to which the Company agreed to sell, and Purchaser agreed to purchase 100% of the Interests of InPvP. Prior to the Mineville Closing contemplated by the Mineville Sale, InPVP was a wholly owned subsidiary of the Company. The closing of the Mineville Sale occurred simultaneously with the execution of the Mineville Purchase Agreement. The Purchaser paid cash consideration totaling $350,000 at the Mineville Closing to acquire the Interests.

Sale of Minehut Assets. On February 29, 2024, the Company sold its Minehut Assets to GamerSafer as described above. Pursuant to the GS Agreement, 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. During the three months ended June 30, 2025 we received Minehut Purchase Consideration payments totaling $273,000.

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):

	Six Months Ended June 30,	
	2025	**2024**
Proceeds from issuance of preferred stock, net of issuance costs	$ -	$ 1,045
Proceeds from issuance of common stock, net of issuance costs	1,945	-
Proceeds from notes payable, net of issuance costs	4,011	-
Payments on notes payable	(3,518)	-
Contingent consideration payments – Super Biz Acquisition	(50)	-
Contingent consideration payments – Melon Acquisition	-	(32)
Advances from accounts receivable facility	429	672
Payments on accounts receivable facility	(453)	(1,273)
Net cash provided by financing activities	$ 2,364	$ 412

Debt Financings

Agile I

On November 8, 2024 (the "Agile I Effective Date"), the Company entered into a loan agreement with Agile Capital Funding, LLC, as collateral agent ("Agile")(" the Agile I Loan Agreement"), pursuant to which the Company issued to Agile a Confessed Judgment Secured Promissory Note for an aggregate value of $1.85 million (the "Agile I Note"). Pursuant to the Agile I Loan Agreement: (i) the Agile I Note matures 28 weeks from the Agile I 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 I Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent, or 42%. The Company is required to repay all the obligations due under the Agile I Loan Agreement and the Agile I Note in 28 equal payments of $93,821 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 I Note were used to fund general working capital needs.

Pursuant to the Agile I 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 Agile I Effective Date, (b) cause or permit, voluntarily or involuntarily, any Key Person to cease being actively engaged in the management of the Company without prior notice to Agile, (c) a change in control of the Company 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 I 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 or partial prepayment of any or all of the obligations arising under the Agile I Loan Agreement and the Agile I Note, provided the Company shall be obligated to pay a contractual prepayment fee.

The Agile I Loan Agreement imposed various restrictions on the activities of the Company, including, subject to certain exceptions set forth in the Agile I 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 I Loan Agreement and the Agile I 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 I Loan Agreement and the Agile I 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 I 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 I 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 I Note and expensed in "other expense" in the condensed consolidated statements of operations.

On February 10, 2025, in connection with entering into the Agile II Loan Agreement as described below, the Company paid the remaining balance of the Agile I Note including interest for the remaining term, totaling $1.5 million.

Agile II

On February 10, 2025 (the "Agile II Effective Date"), the Company entered into a Business Loan and Security Agreement (the "Agile II 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 $2.5 million (the "Agile II Note"). Pursuant to the Agile II Loan Agreement: (i) the Agile II Note matures 32 weeks from the Agile II Effective Date; (ii) carries an aggregate total interest payment of approximately $1.05 million, and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile II Loan Agreement), interest shall accrue at a fixed per annum rate equal to the applicable rate plus five percent, or 42%. The Company is required to repay all the obligations due under the Agile II Loan Agreement and the Agile II Note in 32 equal payments of $110,937, with the first payment being made to Agile on February 17, 2025, and every seven days thereafter until the maturity date. The proceeds received from the Agile II Note were used to fund general working capital needs.

Pursuant to the Agile II 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 Aigle II 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 pending transactions) or otherwise approve the liquidation or dissolution of the Company (collectively, a "Change in Business, Management, or Ownership"), or (d) the RP Note 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 II 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 or partial prepayment (and receive a discount thereon if repaid in full within sixty days of note issuance) of any or all of the obligations arising under the Agile II Loan Agreement and the Agile II Note, provided the Company shall be obligated to pay the Prepayment Fee.

The Agile II Loan Agreement imposes various restrictions on the activities of the Company consistent with the Agile I Loan Agreement described above under the heading "*Agile I.*"

As security for the full and prompt payment and performance of any obligations arising under the Agile II Loan Agreement and the Agile II Note, the Company granted to Agile a continuing first priority security interest in all the assets of the Company; 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 II 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 II Loan Agreement, the Company was required to pay an administrative fee of $125,000 to the Collateral Agent, which was paid at the closing out of proceeds of the issuance of the Agile II Note and expensed in "other expense" in the condensed consolidated statements of operations. $1.5 million of the Agile II Note was used to repay the remaining balance of principal and interest under the Agile I Note, with net proceeds to the Company of approximately $875,000.

1800 Diagonal Lending I

On March 26, 2025 (the "Diagonal Effective Date"), the Company and 1800 Diagonal Lending, LLC, a Virginia limited liability company, or registered assignees ("Diagonal") entered into a Securities Purchase Agreement (the "Diagonal Agreement"), pursuant to which the Company issued a Convertible Promissory Note (the "Diagonal Note") in the principal amount of $300,000 (the "Diagonal Principal"), for which the Diagonal Note, among other things, (a) matures on December 30, 2025 (unless otherwise accelerated upon an Event of Default (as defined below)) (the "Diagonal Maturity Date"), (b) accrues interest at a rate of 10% per annum on the unpaid principal balance from the date the Diagonal Note was issued (the "Diagonal Issuance Date") until the principal and interest becomes due and payable, whether on the Maturity Date or upon acceleration by prepayment or otherwise, (c) begins to accrue interest on the Diagonal Issuance Date but shall not be payable until the Diagonal Note becomes payable, and (d) interest will accrue at a rate of 22% per annum for any amount of principal or interest which is not paid as required under the Diagonal Note, or during an Event of Default.

Pursuant to the Diagonal Note, Diagonal has the right, from time to time, and at any time, during the period beginning on the date which is 180 days from the Diagonal Effective Date and ending on the earlier of (a) the Diagonal Maturity Date, or (b) the date of payment of the Default Amount, each in respect of the remaining outstanding amount of the Diagonal Note into fully paid and non-assessable shares of common stock at a price equal to 75% multiplied by the Market Price (as defined below) (the "Conversion Price"). For purposes of the Diagonal Note: (x) the "Market Price" means the lowest Trading Price for the Company's common stock during the 10 trading ending on the latest complete trading day prior to the Diagonal Conversion Date; (y) the "Trading Price" means the closing price (or bid, if applicable) of the Company's common stock as listed (or quoted, as applicable) on the principal securities exchange or trading market where it is listed or traded; and (z) the "Diagonal Conversion Date" means the date specified in the applicable notice of conversion, delivered to the Company by Diagonal in accordance with the Diagonal Note. Diagonal is prohibited from converting any portion of the Note that, if such conversion was effectuated, would cause the Company to issue to Diagonal shares of the Company's common stock in excess of 19.99% of the issued and outstanding shares of common stock immediately prior to the issuance of the Diagonal Note.

Pursuant to the Diagonal Note, the following events, among other things, constitute an Event of Default: (i) failure to pay principal and interest when due; (ii) the Company fails to issue shares of common stock upon exercise of Diagonal's conversion rights under the Diagonal Note; (iii) the Company's breach of any material covenant or other material term or condition in the Diagonal note or the Diagonal Agreement, and such breach continues for a period of 20 business days after written notice from Diagonal; (iv) any breach of the representations and warranties set forth in both the Diagonal Agreement and the Diagonal Note; (v) the Company institutes any assignment for the benefit of creditors, or applies for or consents to the appointment of a receiver or trustee for it or for a substantial part of its property or business; (vi) the Company institutes, or any proceeding is instated against the Company, relating to any bankruptcy, insolvency, reorganization, or liquidation proceedings; (vii) the Company fails to maintain the listing of its common stock on the Nasdaq Capital Market or on the Over The Counter boards or an equivalent exchange; (viii) the Company failing to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or ceases to be subject to the reporting requirements of the Exchange Act; (ix) the Company institutes any dissolution, liquidation, or winding up of the Company or any substantial portion of its business; (x) the restatement of any financial statements filed by the Company with the Securities and Exchange Commission, if the result of such restatement would have constituted a material adverse effect on the rights of Diagonal; (xi) the Company proposes to replace its transfer agent and fails to provide a fully executed irrevocable transfer agent instructions signed by the successor transfer agent; and (xii) a breach or default by the Company of any covenant or other term or condition contained in any other agreement by the Company, after the passage of all applicable notice and cure or grace periods (each individually an "Event of Default", and collectively, "Events of Default").

Upon the occurrence and during the continuation of any Event of Default, the Diagonal Note shall become immediately due and payable, and the Company shall pay to Diagonal an amount equal to the Default Amount (as defined below), multiplied by two. For other Events of Default, the Diagonal Note shall become immediately due and payable in an amount equal to 150% times the sum of (a) the then outstanding principal amount of the Diagonal Note, plus (b) accrued and unpaid interest on the unpaid principal amount of the Diagonal Note to the date of payment, plus (c) Default Interest, if any, on the amounts referred to in clauses (a) and/or (b), plus (d) any amounts owed to Diagonal pursuant to the Diagonal Note (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (b), (c) and (d) shall collectively be known as the "Default Amount") and all other amounts payable under the Diagonal Note shall immediately become due and payable, together with all costs, including, without limitation, legal fees and expenses, of collection, and Diagonal shall be entitled to exercise all other rights and remedies available at law or in equity.

The Diagonal Note further contains provisions that: (a) limit Diagonal's beneficial ownership upon conversion of the Diagonal Note to a maximum of 4.99% of the Company's issued and outstanding common stock; (b) prohibit the Company from entering selling, leasing or otherwise disposing of any significant portion of its assets outside the ordinary course of business; and (c) adjust the Conversion Price (and number of shares deliverable upon conversion) upon (i) the event of merger, consolidation, or similar transactions, and (ii) the Company declaring or making any distribution of assets to holders of its common stock as a dividend, stock repurchase, return of capital, or otherwise. The Diagonal Agreement also provides for customary provisions, including, without limitation, representations, warranties, covenants, conditions to closing, indemnification, waiver of jury trial, and exercise of remedies upon a breach of the Diagonal Agreement.

The Diagonal Note was issued with an Original Issue Discount of 4.75% (the "OID"), with net proceeds to the Company of approximately $279,000 after deducting the OID, reimbursement of Diagonal's expenses in an amount equal to $7,000 (expensed in the statements of operations for the six months ended June 30, 2025), and other estimated offering expenses. The Company utilized the net proceeds from the offering for working capital and general corporate purposes.

1800 Diagonal Lending II

On May 12, 2025 (the "Diagonal II Effective Date"), the Company and Diagonal entered into a Securities Purchase Agreement (the "Diagonal II Agreement"), pursuant to which the Company issued a Convertible Promissory Note (the "Diagonal II Note") in the principal amount of $145,200 (the "Diagonal II Principal"), for which the Diagonal II Note, among other things, (a) matures on February 15, 2026 (unless otherwise accelerated upon an Event of Default (as defined below)) (the "Diagonal II Maturity Date"), (b) accrues interest at a rate of 10% per annum on the unpaid principal balance from the date the Diagonal II Note was issued (the "Diagonal II Issuance Date") until the principal and interest becomes due and payable, whether on the Maturity Date or upon acceleration by prepayment or otherwise, (c) interest begins to accrue on the Diagonal II Issuance Date but shall not be payable until the Diagonal II Note becomes payable, and (d) interest will accrue at a rate of 22% per annum for any amount of principal or interest which is not paid as required under the Diagonal II Note, or during an Event of Default.

Pursuant to the Diagonal II Note, Diagonal has the right, from time to time, and at any time, during the period beginning on the date which is 180 days from the Diagonal II Effective Date and ending on the earlier of (a) the Diagonal II Maturity Date, or (b) the date of payment of the Default Amount, each in respect of the remaining outstanding amount of the Diagonal II Note into fully paid and non-assessable shares of common stock at a price equal to 75% multiplied by the Market Price (as defined below) (the "Conversion Price"). For purposes of the Diagonal II Note: (x) the "Market Price" means the lowest Trading Price for the Company's common stock during the 10 trading ending on the latest complete trading day prior to the Diagonal II Conversion Date; (y) the "Trading Price" means the closing price (or bid, if applicable) of the Company's common stock as listed (or quoted, as applicable) on the principal securities exchange or trading market where it is listed or traded; and (z) the "Diagonal II Conversion Date" means the date specified in the applicable notice of conversion, delivered to the Company by Diagonal in accordance with the Diagonal II Note.

The additional terms and conditions of the Diagonal II Note are substantially consistent with the terms of the Diagonal I Note as described at Note 5.

Pursuant to the Diagonal II Note, Diagonal is prohibited from converting any portion of the Note that, if such conversion was effectuated, would cause the Company to issue to the Lender shares of the Company's common stock in excess of 19.99% of the issued and outstanding shares of common stock immediately prior to the issuance of the Note.

The Diagonal II Note was issued with an Original Issue Discount of 9.09% (the "OID"), with net proceeds to the Company of $125,000 after giving deducting the OID, reimbursement of Diagonal's expenses in an amount equal to $7,000 (expensed in the statements of operations for the six months ended June 30, 2025), and other estimated offering expenses. The Company utilized the net proceeds from the offering for working capital and general corporate purposes.

Belleau Note Purchase Agreement

On March 28, 2025 (the "Belleau Effective Date"), we entered into a Note Purchase Agreement (the "Belleau Purchase Agreement") with Belleau Wood Capital, LP, or its assignees, ("Belleau"). Pursuant to the Belleau Purchase Agreement, the Company will issue to Belleau a total of three Unsecured Promissory Notes (each, a "Belleau Note" and collectively, the "Belleau Notes") with an aggregate principal amount of $1,500,000 (the "Belleau Principal"). The consummation of the sale of the initial Belleau Note was consummated on the Belleau Effective Date, with gross proceeds to the Company of $300,000. The consummation of the sale of the two remaining Belleau Notes are scheduled to occur in the amounts and on the dates as follows: (a) $600,000 on April 14, 2025; and (b) $600,000 on April 28, 2025. As of June 30, 2025, $1.1 million of the Notes were funded, with an additional $150,000 funded subsequent to June 2025. In August 2025, the Belleau Principal amount was amended to a total of $1,250,000. Each of the Belleau Notes: (x) matures on the date that is 12 months from the date of the issuance of each respective Belleau Note (collectively, the "Belleau Maturity Date"); (y) may be prepaid in part or in full at any time by the Company without penalty; and (z) accrues interest at a rate of 20% simple interest per annum (the "Belleau Interest Rate", and the dollar value of the accrued interest, the "Belleau Interest").

The Belleau Interest that accrues on each respective Belleau Note is payable on each respective Belleau Maturity Date in the form of restricted shares of the Company's Common Stock equal to 20% of the Belleau Principal, calculated at a price per share of $14.00. In the event of a prepayment of any Belleau Note by the Company, the Belleau Interest will be payable in full at the time of such prepayment.

The Belleau Note also provides for: (i) standard events of default, including (a) any default in the payment of the Belleau Principal or Belleau Interest on their respective due dates, (b) the occurrence of a Bankruptcy Event (as defined in the Belleau Note), or (c) the Company commits any material breach or default of any material provision of the Belleau Note, if not cured within 20 days following the written notice from Belleau specifying in reasonable detail such breach or default (sections (a) through (c), the "Belleau Events of Default"); and (ii) customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default. Upon the occurrence of an Event of Default, the Belleau Note will bear interest at the default interest rate of 20% per annum, payable in cash, and upon Belleau's written notice to the Company, all payments of Belleau Principal and Belleau Interest will become immediately due and payable.

The Company utilized the proceeds from the sale of the Belleau Notes for working capital and general corporate purposes.

Related Party Promissory Note

On November 19, 2024 (the "RP Effective Date"), we entered into a Note Purchase Agreement (the "RP Purchase Agreement") with a non-employee member of the Board (the "Purchaser"). Pursuant to the RP Purchase Agreement, the Company issued to the Purchaser an Unsecured Promissory Note (the "RP Note") in the amount of $1,500,000 (the "RP Principal"), for which the RP Note (i) matures on the date that is 12 months from the RP Effective Date (the "RP Maturity Date"), (ii) may be pre-paid at any time by the Company without penalty, and (iii) accrues interest on the RP Principal at a rate of 40% simple interest per annum (the "RP Interest"). The RP Interest is payable on the RP Maturity Date. In the event of a prepayment of the RP Note by the Company, the RP Interest will be pro-rated for the period the RP Note is outstanding. The Company utilized the proceeds for working capital and general corporate purposes.

The RP Note also provides for: (i) standard events of default, including (a) any default in the payment of the RP Principal or RP Interest on their respective due dates, (b) the occurrence of a Bankruptcy Event (as defined in the Note), or (c) the Company commits any material breach or default of any material provision of the Note, if not cured within 20 days following the written notice from the Purchaser specifying in reasonable detail such breach or default (sections (a) through (c), the "Events of Default"); and (ii) customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default. Upon the occurrence of an Event of Default, the RP Note will bear interest at the default interest rate of 45% per annum, and upon Purchaser's written notice to the Company, all payments of RP Principal and RP Interest will become immediately due and payable.

On June 13, 2025, the Company entered into an amendment to the RP Note (the "RP Amendment"). Pursuant to the Amendment: (a) the maturity date of the RP Note was extended to November 19, 2026; (b) beginning on November 19, 2025, interest will no longer accrue on the remaining Principal outstanding; and (c) the Company agreed to make monthly payments of $175,000, with such payments to start on November 19, 2025, and continue thereafter for twelve months, at which time the RP Note will be paid in full.

Account Receivable Financing Facility

The Company 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 were used to fund general working capital needs. On June 10, 2025, the AR Facility was terminated. Refer to Note 5 for additional information.

Equity Financings

On May 30, 2025, the Company entered into May III Purchase Agreement with the May III Investors certain investors, which provided for the sale and issuance by the Company in a registered direct offering (the "May III *Offering*") of an aggregate of (i) 79,750 shares of the Company's common stock, at a purchase price of $4.80 per share (the "May III *Shares*"), and (ii) pre-funded warrants to purchase up to 59,833 shares of common stock at a purchase price of $4.79 per pre-funded warrant (the "May III *Pre-Funded Warrants*" and, together with the May III Shares, the "May III Securities"), which represents the per share price for the May III Shares less the exercise price of $0.00001 per share. The May III Offering closed on June 2, 2025. The aggregate gross proceeds to the Company from the May III Offering were approximately $670,000, before deducting placement agent commissions and other estimated offering expenses. The Company utilized the net proceeds of the Offering for working capital and general corporate purposes, as well as to repay a portion of the Company's indebtedness.

On May 30, 2025, the Company also entered into the May III Placement Agent Agreement with Aegis Capital Corp. (the "*Placement Agent*"). Pursuant to the terms of the May III Placement Agent Agreement, the Placement Agent agreed to use its reasonable best efforts to arrange for the sale of the securities in the May III Offering. The Company agreed to pay the Placement Agent a cash fee equal to 8% of the aggregate gross proceeds from the sale of the May III Securities. The Company also agreed to reimburse the Placement Agent for certain expenses.

On May 29, 2025, the Company entered into the May II Underwriting Agreement with Aegis Capital Corp., relating to the May II Offering of 104,167 shares of its common stock. Pursuant to the May II Underwriting Agreement, the Company also granted the Underwriter the May II Option to purchase an additional 10,417 shares of common stock. On May 30, 2025, the Company issued the May II Shares and closed the May II Offering at a public price of $4.80 per share, for net proceeds to the Company of approximately $380,000 after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. The Company utilized the net proceeds of the May II Offering for working capital and general corporate purposes, as well as to repay a portion of the Company's indebtedness. On May 29, 2025, the Underwriter delivered notice to the Company that it elected to exercise the May II Option with respect to an aggregate of 10,417 May II Option Securities. The closing of the sale of the May II Option Shares occurred on May 30, 2025.

On May 9, 2025, the Company entered into the May I Underwriting Agreement with the Underwriter, relating to the Company's May I Offering of 127,941 shares of its common stock. Pursuant to the May I Underwriting Agreement, the Company also granted the Underwriters a May I Option to purchase an additional 19,191 shares of common stock. On May 12, 2025, the Company issued the firm May I Securities and closed the May I Offering at a public price of $6.80 per share, for net proceeds to the Company of approximately $700,400, after deducting underwriting discounts, commissions and estimated offering expenses payable by the Company. On May 14, 2025, the Underwriter partially exercised its May I Option and purchased an additional 15,441 shares of common stock at a price of $6.80 per share, before deducting underwriting discounts. The issuance by the Company of the May I Option Securities resulted in total gross proceeds of approximately $104,999, before deducting underwriting discounts, commissions, and other offering expenses payable by the Company. The Company utilized the net proceeds of the May I Offering for working capital and general corporate purposes, as well as to repay a portion of the Company's indebtedness.

Hudson ELOC

On February 14, 2025, the Company entered into an equity purchase agreement (the "Hudson Equity Purchase Agreement") with Hudson Global Ventures, LLC, a Nevada limited liability company ("Hudson"). Pursuant to the Hudson Equity Purchase Agreement, the Company had the right, but not the obligation, to sell to Hudson, and Hudson is obligated to purchase, up to $2.9 million of newly issued shares (the "Hudson Total Commitment") of the Company's common stock, from time to time during the term of the Hudson Equity Purchase Agreement, subject to certain limitations and conditions (the "Hudson Offering" or "Hudson ELOC"). As consideration for Hudson's commitment to purchase shares of common stock under the Hudson Purchase Agreement, the Company issued to Hudson 7,500 shares of common stock, valued at $159,000, following the execution of the Hudson Equity Purchase Agreement (the "Hudson Commitment Shares").

From and after the initial satisfaction of the conditions to our right to commence sales to Hudson under the Hudson Equity Purchase Agreement (such event, the "Hudson Commencement," and the date of initial satisfaction of all such conditions, the "Hudson Commencement Date"), the Company was able to direct Hudson to purchase shares of common stock at a purchase price per share equal to the lesser of (i) 92% of the closing price of the Company's common stock, as listed on Nasdaq, on the trading day immediately preceding the respective Put Date (the "Hudson Initial Purchase Price"), or (ii) 92% of the lowest closing price of the Company's common stock on the Nasdaq Capital Market on any trading day during the period beginning on the Put Date (as defined in the Hudson Purchase Agreement) and continuing through the date that is three trading days immediately following the Clearing Date (as defined in the Hudson Purchase Agreement) associated with the applicable Hudson Put Notice (such three trading day period is the "Hudson Valuation Period", and the price is the "Hudson Market Price"), on such date on which the Hudson Purchase Price is calculated in accordance with the terms of the Hudson Equity Purchase Agreement. The Company controlled the timing and amount of any such sales of common stock to Hudson.

During the three and six months ended June 30, 2025 the Company sold zero and 17,925 shares of common stock, respectively, under the Hudson ELOC at an average per share price of $13.60, raising net proceeds totaling $231,000. The Hudson Equity Purchase Agreement was terminated effective May 8, 2025. The Company utilized the net proceeds from the Hudson Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures.

Contractual Obligations and Off-Balance Sheet Commitments and Arrangements

As of June 30, 2025, except as disclosed elsewhere herein, 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 June 30, 2025 we maintain approximately 200 square feet of office space which is leased on an annual basis at a rate of approximately $3,000 per month.

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 stockholders' (deficit) 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 condensed 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 accompanying 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, 2024, as amended, filed with the SEC on March 31, 2025. 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 goods or services. 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.

Fair Value Option (“FVO”) Election

The Company accounted for certain promissory notes issued, as described at Note 5, under the fair value option election pursuant to ASC 825, “Financial Instruments,” (“ASC 825”) as discussed below. The promissory notes accounted for under the FVO election are each debt host financial instruments containing embedded features which would otherwise be required to be bifurcated from the debt-host and recognized as separate derivative liabilities subject to initial and subsequent periodic estimated fair value measurements under ASC 815. Notwithstanding, ASC 825 provides for the “fair value option” election, to the extent not otherwise prohibited by ASC 825, to be afforded to financial instruments, wherein bifurcation of an embedded derivative is not necessary, and the financial instrument is initially measured at its issue-date estimated fair value and then subsequently remeasured at estimated fair value on a recurring basis at each reporting period date. The estimated fair value adjustments, subsequent to the issuance date, as required by ASC 825, are recognized as a component of other comprehensive income (“OCI”) with respect to the portion of the fair value adjustment attributed to a change in the instrument-specific credit risk, with the remaining amount of the fair value adjustment recognized as other income (expense) in the accompanying condensed consolidated statements of operations. With respect to the promissory notes described at Note 5, as provided for by ASC 825, the estimated fair value adjustments are presented in a respective single line item within other income (expense) in the accompanying condensed consolidated statements of operations, since the change in fair value of the convertible notes payable was not attributable to instrument specific credit risk. The estimated fair value adjustment is included in interest expense in the accompanying condensed consolidated statements of operations.

The fair value of the promissory notes described at Note 5 was estimated based on a calculation of the present value of the related cash flows (i.e. payments of principal and interest based on contractual agreement terms) using a discount rate that reflected market rates and related credit risk. The FVO was elected for the promissory notes described at Note 5 due to the short term nature of the promissory notes and to provide relevant and timely information regarding the current market value of the debt, which is marked to market at each balance sheet date reflecting the effects of market fluctuations and other factors.

Significant judgements and estimates may be required in connection with the determination of whether or not to elect the FVO for specific assets and/or liabilities. In addition, significant judgements and estimates may be required in connection with the determination of appropriate discount rates utilized in connection with present value related valuation techniques. Discount rate assumptions typically reflect the estimated yield to maturity of the debt instrument, incorporating the estimated market-implied rate of return an investor would receive if they held the debt until maturity, and taking into account all future cash flows and the current market price; adjusted for credit risk and market conditions. In addition, judgements and estimates are required in connection with the determination of the portion of subsequent fair value adjustments relate to instrument-specific credit risk, which are reflected in OCI, and the portion of subsequent fair value adjustments that relate to changes in interests rates or other variables, which are reflected in the condensed consolidated statements of operations. Variations in any of these judgements and estimates could have a material impact on our financial results.

Determination of Fair Value – Warrants

During the period presented the Company issued certain common stock purchase warrants (“Warrants”) as described at Note 5 to the condensed consolidated financial statements. The fair value of warrants are determined using a Black Scholes option price model, measured using Level 3 inputs. 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:

Significant judgements and estimates may be required in connection with determining the classification of warrants between liabilities and equity, as well as in connection with the assumptions utilized for the expected volatility, risk free interest rate and term in the Black Scholes calculations used to value warrants outstanding at each balance sheet date, if liability classified. Variations in any of these judgements and estimates could have a material impact on our financial results.

Relaxed Ongoing Reporting Requirements

We qualify to report as a “smaller reporting company” (as defined in Rule 12b-2) under the reporting rules set forth under the Exchange Act. For so long as we remain an “smaller reporting company,” we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not “smaller reporting companies,” including but not limited to not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

We are subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not “smaller reporting company,” 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 a smaller reporting company.

Upon the completion of our initial public offering in February 2019, 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, which allowed us to 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 were eligible to remain an “emerging growth company” for five years from the date of our initial public offering, and as such, ceased being an “emerging growth company” as of December 31, 2024. However, as described above we continue to be a “smaller reporting company.”

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

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.

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, 2024, as amended. 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, 2024, 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.

We received a notice from Nasdaq that our common stock may be delisted from trading on the Nasdaq Capital Market if we fail to comply with the continued listing requirements, including the minimum bid price requirement and annual meeting requirement. A delisting of our common stock is likely to reduce the liquidity of our common stock and may inhibit or preclude our ability to raise additional financing.

We are required to comply with certain Nasdaq continued listing requirements, including a minimum bid price for our common stock, as well as a series of financial tests relating to stockholder equity, market value of listed securities and number of market makers and stockholders. If we fail to maintain compliance with any of those requirements, our common stock could be delisted from Nasdaq.

On January 2, 2025, we received a letter (the "Bid Price Letter") from the Listing Qualifications Staff of Nasdaq indicating that, based upon the closingbid priceof the Company's common stock, for the last 30 consecutive business days, the Company is not currently in compliance with the requirement to maintain a minimumbid priceof $1.00 per share for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2). Effective June 23, 2025, the Company effected a reverse split of its common stock. On July 8, 2025, the Company received a letter from the staff at Nasdaq's Listing Qualifications department stating that, as of July 7, 2025, the closing bid price of the Company's common stock has been at $1.00 per share or greater, and accordingly, the Company has regained compliance with Listing Rule 5550(a)(2).

On January 3, 2025, the Company received a letter (the "Annual Meeting Letter") from Nasdaq indicating that the Company no longer complies with Listing Rule 5620(a) (the "Annual Meeting Rule") since it did not hold an annual meeting of stockholders within twelve months of the end of the Company's fiscal year ended December 31, 2023. To regain compliance with the Annual Meeting Rule, the Company prepared and submitted a plan of to Nasdaq, and on June 9, 2025, held its 2024 annual meeting of stockholders. On June 11, 2025, the Company received a letter from the staff at Nasdaq's Listing Qualifications department stating that, as of June 10, 2025, the Company has regained compliance with the Annual Meeting Rule.

On April 7, 2025, we received a letter (the "Stockholders Equity Letter") notifying the Company that it is not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires the Company to maintain a minimum of $2,500,000 in stockholders' equity for continued listing on The Nasdaq Capital Market (the "Stockholders' Equity Requirement"), and that the Company does not meet the alternative compliance standards of market value of listed securities or net income from continuing operations. The Company's failure to comply with the Stockholders' Equity Requirement was based on the Company's filing of its Annual Report on Form 10-K for the year ended December 31, 2024, reporting the stockholders' equity of $170,000. To regain compliance with the Stockholders' Equity Requirement, the Company prepared and submitted a plan of compliance (due within 45 calendar days from receipt of the formal notice) to Nasdaq, of which we are awaiting a response from Nasdaq. There is no guaranty that Nasdaq will accept our plan of compliance

If, for any reason, Nasdaq should delist our common stock from trading on its exchange and we are unable to obtain listing on another national securities exchange or take action to restore our compliance with the Nasdaq continued listing requirements, a reduction in some or all of the following may occur, each of which could have a material adverse effect on our stockholders:

- the liquidity of our common stock;
- the market price of our common stock;
- we will become a "penny stock", which will make trading of our common stock much more difficult;
- our ability to obtain financing for the continuation of our operations;
- the number of institutional and general investors that will consider investing in our common stock;
- the number of investors in general that will consider investing in our common stock;
- the number of market makers in our common stock;
- the availability of information concerning the trading prices and volume of our common stock; and
- the number of broker-dealers willing to execute trades in shares of our common stock.

Shares of our preferred stock have certain approval rights with respect to issuances of Common Stock below such preferred stock's conversion price floors. Our failure to get consent from the holders of such series of preferred stock (and all subseries thereof) prior to the issuance of any shares of Common Stock below the respective conversion price floors may cause us to face litigation.

The Certificate of Designation of Preferences, Rights, and Limitations of the Series AA Convertible Preferred Stock (and each subseries thereof) requires us to receive consent from the majority of the holders of each subseries of Series AA Preferred prior to issuing any shares of common stock below the respective conversion price floors of such securities (the "Preferred Consents"). Any shares of Common Stock being offered and sold in by the Company below the conversion price floor of the Series AA Preferred have not yet been approved pursuant to the Preferred Consents. While the Company intends to obtain ratification from the Series AA Preferred of the issuances proposed hereunder after the consummation of any sales below the respective conversion price floors, if the Company fails to obtain the Preferred Consents prior to the issuance of such shares of Common Stock, the Company could potentially face litigation from holders of the Series AA Preferred, which could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

Shares of our preferred stock have certain approval rights with respect to incurring debt or otherwise issuing debt securities. Our failure to get consent from the holders of Series AA Preferred (and all subseries thereof) and Series AAA Preferred (and all subseries thereof) prior to the Company incurring any indebtedness not in the ordinary course of business or entering into any agreement to do the same. Our previous incurrence of debt and issuance of debt securities may cause us to face litigation.

The Certificate of Designation of Preferences, Rights, and Limitations of the Series AA Convertible Preferred Stock (and each subseries thereof), and the Certificate of Designation of Preferences, Rights, and Limitations of the Series AA Convertible Preferred Stock (and each subseries thereof) requires us to receive consent from the majority of the holders of the Series AA Preferred and Series AAA Preferred prior to incurring any indebtedness not in the ordinary course of business, or entering into any agreements to do the same (the "Debt Consents"). As previously disclosed by the Company, we have previously incurred debt and entered into agreements to do the same prior to the receipt of the Debt Consents. While the Company intends to obtain ratification from the holders of Series AA Preferred and Series AAA Preferred, if the Company fails to obtain the Debt Consents (or ratification thereof), it could potentially face litigation from holders of the Series AA Preferred and Series AAA Preferred, which may affect an investor's ability to receive such shares of common stock and could have a material adverse effect on the Company's business, financial condition, results of operations, and prospects.

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

No unregistered securities were issued during the three months ended June 30, 2025 that were not previously reported.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

(b) Exhibits

Exhibit No.	Description	Incorporation by Reference
1.1	Underwriting Agreement dated May 9, 2025, between Super League Enterprise, inc. and Aegis Capital Corp.	Exhibit 1.1 to the Current Report on Form 8-K filed on May 12, 2025
1.2	Underwriting Agreement, dated May 29, 2025, between Super League Enterprise, Inc. and Aegis Capital Corp.	Exhibit 1.1 to the Current Report on Form 8-K filed on May 30, 2025
1.3	Placement Agent Agreement, dated May 30, 2025, between Super League Enterprise, Inc. and Aegis Capital Corp.	Exhibit 1.1 to the Current Report on Form 8-K filed on June 2, 2025
2.1	Membership Interest Purchase and Sale Agreement, by and among Super League Enterprise, Inc., InPvP, LLC, and Mineville, LLC	Exhibit 2.1 to the Current Report on Form 8-K filed on May 22, 2025
3.1	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation, as amended	Exhibit 3.7 to the Registration Statement, filed August 11, 2025
4.1	Convertible Promissory Note issued by Super League Enterprise, Inc., to 1800 Diagonal Lending, LLC, on May 12, 2025	Exhibit 4.1 to the Current Report on Form 8-K filed on May 16, 2025
4.2	Amended and Restated Unsecured Promissory Note issued by Super League Enterprise, Inc. to Belleau Wood Capital, LP, on August 11, 2025	
10.1	Addendum No. 1 to the Executive Employment Agreement between the Company and Matthew Edelman, dated April 1, 2025	Exhibit 10.1 to the Current Report on Form 8-K filed on April 3, 2025
10.2	Addendum No. 1 to the Executive Employment Agreement between the Company and Ann Hand, dated April 1, 2025	Exhibit 10.2 to the Current Report on Form 8-K filed on April 3, 2025
10.3	Addendum No. 1 to the Executive Employment Agreement between the Company and Clayton Haynes, dated April 1, 2025	Exhibit 10.3 to the Current Report on Form 8-K filed on April 3, 2025
10.4	Amendment No. 1 to Convertible Promissory Note, dated April 30, 2025, by and between Super League Enterprise, Inc. and 1800 Diagonal Lending, LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on May 6, 2025
10.5	2025 Omnibus Equity Incentive Plan	Annex B to the Definitive Proxy Statement on Schedule 14A filed May 19, 2025
10.6	Form of Securities Purchase Agreement, dated May 30, 2025	Exhibit 10.1 to the Current Report on Form 8-K filed on June 2, 2025
10.7	Amendment No. 1 to Unsecured Promissory Note, dated June 13, 2025, by and between Super League Enterprise, Inc., and Sam Drozdov.	Exhibit 10.1 to the Current Report on Form 8-K filed on June 2, 2025
10.8	Amendment No. 1 to Unsecured Promissory Note, dated June 13, 2025, by and between Super League Enterprise, Inc., and Ben Khakshoor.	Exhibit 10.2 to the Current Report on Form 8-K filed on June 20, 2025
10.9	Amendment No. 1 to Unsecured Promissory Note, dated June 13, 2025, by and between Super League Enterprise, Inc., and Firepit Partners Co.	Exhibit 10.3 to the Current Report on Form 8-K filed on June 20, 2025
10.10	Amendment No. 1 to Unsecured Promissory Note, dated June 13, 2025, by and between Super League Enterprise, Inc., and the non-employee member of the Board of Directors stated therein.	Exhibit 10.4 to the Current Report on Form 8-K filed on June 20, 2025
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/ Matt Edelman
Matt Edelman
Chief Executive Officer
(Principal Executive Officer)

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

Date: August 14, 2025

THIS NOTE HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

SUPER LEAGUE ENTERPRISE, INC.
AMENDED & RESTATED UNSECURED PROMISSORY NOTE

$1,250,000

Original Issuance Date: March 28, 2025
Amended Issuance Date: August 11, 2025

This Amended & Restated Unsecured Promissory Note (the "***Amended Note***") is issued by **SUPER LEAGUE ENTERPRISE, INC.**, a Delaware corporation (the "***Company***"), in favor of ***BELLEAU WOOD CAPITAL, LP,*** a Delaware limited partnership, or its assigns (the "***Holder***"), pursuant to the terms set forth herein and in the Note Purchase Agreement attached herewith by and between the Company and the Holder (the "***Note Purchase Agreement***"). **This Amended Note supersedes and replaces in its entirety the original note issued by the Company in favor of the Holder on March 28, 2025.**

FOR VALUE RECEIVED, the Company hereby promises to pay to the Holder the principal amount set forth hereinabove (the "***Loan***"), together with the interest defined below, on the Maturity Date in accordance with the provisions hereof.

1. Definitions.

In addition to the terms defined elsewhere in this Note, the following terms shall have the meanings ascribed below:

(a) "***Bankruptcy Event***" means any of the following events: (i) the Company commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company; (ii) there is commenced against the Company any such case or proceeding that is not dismissed within 60 calendar days after commencement; (iii) the Company is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (iv) the Company suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days; and (v) the Company makes a general assignment for the benefit of creditors.

(b) "***Business Day***" means any day except Saturday, Sunday, and any day which shall be a federal legal holiday or a day on which banking institutions in the State of Delaware are authorized or required by law or other governmental action to close.

(c) "***Event of Default***" has the meaning ascribed thereto in Section 4(a).

(d) "***Maturity Date***" means the one (1) year anniversary of issuance of the Note.

(e) "***Person***" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

2. Principal and Interest.

(a) Principal. All outstanding principal shall be due and payable on the Maturity Date in United States Dollars.

(b) Interest. Interest shall be in the form of restricted shares of common stock ("***Shares***") in the amount of Twenty-One Thousand Four Hundred Twenty-Nine (21,429) Shares (which amount reflects the 1-for-40 reverse split effectuated by the Company on June 23, 2025) to be issued to the Holder (the "***Interest***"). The default interest rate on the Notes shall be twenty percent (20.0%) per annum, payable in cash, in the event the Notes remain unpaid on the Maturity Date (the "***Default Interest Rate***").

(c) Application of Payments. Except as otherwise expressly provided herein, each payment under this Note shall be applied (i) first to the repayment of any reasonable sums incurred by the Holder for the payment of any expenses incurred in enforcing the terms of this Note, (ii) then to the payment of any default interest as applicable, and (iii) then to the reduction of the principal amount.

3. Event of Default.

(a) An "Event of Default" shall mean any one of the following events:

(i) any default in the payment of the principal of, Interest on or other charges in respect of this Note, as and when the same shall become due and payable (whether on the Maturity Date or by acceleration or otherwise);

(ii) the occurrence of a Bankruptcy Event; or

(iii) the Company shall commit any material breach or default of any material provision of this Note, which is not cured within twenty (20) Business Days following written notice to the Company from the Holder specifying in reasonable detail such breach or default.

(b) Upon and during the continuance of an Event of Default, the Default Interest Rate shall apply.

4. Acceleration Upon Event of Default.

(a) Upon the occurrence of (i) an Event of Default as specified in Section 3 above, all outstanding principal and interest (as applicable) on the Note shall, at the option of Holder evidenced by a written notice to Company, become immediately due and payable, without further presentment, notice or demand for payment.

5. Covenants.

(a) Distributions. The Company shall not, without the prior written consent of the Holder, make any distributions to its stockholders while amounts remain payable to Holder pursuant to this Note.

6. Notices

Any notice, demand or request which may be permitted, required, or desired to be given in connection with herewith shall be given in writing and directed to the parties hereto as follows:

If to the Company:	Super League Enterprise, Inc. 2450 Colorado Ave., Suite 100E Santa Monica, CA 90404 Attention: Clayton Haynes, CFO
If to the Holder:	To Holder's address listed in Exhibit A to the Note Purchase Agreement

Notices shall be deemed properly delivered and received when delivered to the primary notice party (without regard to the copied parties) (i) if personally delivered, upon receipt or refusal to accept delivery, (ii) if sent via facsimile, upon mechanical confirmation of successful transmission thereof generated by the sending telecopy machine, (iii) if sent by a commercial overnight courier for delivery on the next business day, on the first business day after deposit with such courier service (or the third business day if sent to an address not in the United States), or (iv) if sent by registered or certified mail, five (5) Business Days after deposit thereof in the U.S. mail. Any party may change its address for delivery of notices by properly notifying the others pursuant to this Section 6.

7. General

(a) Amendments; Waivers. No provision of this Note may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and the Holder or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Note shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition, or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

(b) Construction. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction shall be applied against any party.

(c) Successors and Assigns. This Note shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. Neither the Company nor the Holder may assign this Note or any rights or obligations hereunder without the prior written consent of the other party; provided, that notwithstanding the foregoing, the Holder may assign this Note, and the related securities, to the following permitted transferees: if Holder is a partnership, limited liability company, corporation or other entity to (i) a partner or former partner of such partnership, a member or former member of such limited liability company or a shareholder of such corporation, (ii) the estate of any such partner, member or shareholder, or (iii) any other Affiliate (as defined below) of such Holder. As used herein, "Affiliate" means any person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a person as such terms are used in and construed under Rule 144 under the Securities Act; and with respect to a Holder, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Holder shall be deemed to be an Affiliate of such Holder. Any instrument purporting to make an assignment in violation of this Section 7(c) shall be void.

(d) Severability. If any provision of this Note is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Note shall not in any way be affected or impaired thereby and the parties shall attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Note.

(e) Replacement of the Note. If any certificate or instrument evidencing this Note is mutilated, lost, stolen, or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Note.

(f) Governing Law. All questions concerning the construction, validity, enforcement, and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflicts of law thereof.

IN WITNESS WHEREOF, the Company has caused this Note to be executed by a duly authorized officer as of the date set forth above.

SUPER LEAGUE ENTERPRISE, INC.

By: /s/ Matt Edelman
Matt Edelman
President & CEO

ACKNOWLEDGED AND AGREED

Belleau Wood Capital L.P.

By: /s/ Michael Layman
Michael Layman
CEO

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, Matt Edelman, 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.

/s/ Matt Edelman

Date: August 14, 2025

Matt Edelman
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.

/s/ Clayton Haynes

Date: August 14, 2025

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 June 30, 2025 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: August 14, 2025

/s/ Matt Edelman
Matt Edelman
Chief Executive Officer
(Principal Executive Officer)

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