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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from to

Commission File Number 001-38819

SUPER LEAGUE ENTERPRISE, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non–Accelerated filer	☒	Small reporting company	☒
		Emerging growth company	☐

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

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

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

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

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

The aggregate market value of the common stock of the registrant held by non-affiliates of the registrant on June 30, 2024, the last business day of the registrant's second fiscal quarter was approximately $5,695,000.

As of March 28, 2025, there were 17,776,170 shares of the registrant’s common stock, $0.001 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12, 13 and 14 of Part III incorporate by reference certain information from Super League Enterprise, Inc.’s definitive proxy statement, to be filed with the Securities and Exchange Commission on or before April 30, 2025.

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References in this Annual Report on Form 10-K

References to "Super League Enterprise, Inc.," "Super League," "Company," "we," "us," "our," or similar references mean Super League Enterprise, Inc.

References to "the Board" and "our Board" mean the Board of Directors of Super League Enterprise, Inc.

References to the "SEC" refer to the U.S. Securities and Exchange Commission.

References to Fiscal Year 2024 mean the year ended December 31, 2024. References to Fiscal Year 2023 mean the year ended December 31, 2023. References to Fiscal Year 2021 mean the year ended December 31, 2021.

All references to "Note," followed by a number reference from one to twelve herein, refer to the applicable corresponding numbered footnotes to the consolidated financial statements contained elsewhere herein.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "Report") contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the sections of this Report entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," but are also contained elsewhere in this Report. In some cases, you can identify forward-looking statements by the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "predict," "project," "potential," "should," "will," or "would," or the negative of these terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. Forward-looking statements include statements about:

- overall strength and stability of general economic conditions and of the electronic video game industry in the United States and globally;
- changes in consumer demand for, and acceptance of, our services and the games that we license for our tournaments and other experiences, as well as online gaming in general;
- changes in the competitive environment, including adoption of technologies, services and products that compete with our own;
- our ability to generate consistent revenue;
- our ability to effectively execute our business plan;
- changes in the price of streaming services, licensing fees, and network infrastructure, hosting and maintenance;
- changes in laws or regulations governing our business and operations;
- our ability to maintain adequate liquidity and financing sources and an appropriate level of debt on terms favorable to us;
- our ability to effectively market our services;
- costs and risks associated with litigation;
- our ability to obtain and protect our existing intellectual property protections, including patents, trademarks and copyrights;
- our ability to obtain and enter into new licensing agreements with game publishers and owners;
- changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings;
- interest rates and the credit markets; and
- other risks described from time to time in periodic and current reports that we file with the SEC.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but not exhaustive. New risk factors and uncertainties not described here or elsewhere in this Report, including in the sections entitled "Risk Factors," may emerge from time to time. Moreover, because we operate in a competitive and rapidly changing environment, it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. The forward-looking statements are also subject to the risks and uncertainties specific to our Company, including but not limited to the fact that we have a limited operating history as a public company. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this Report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of the forward-looking statements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

You should read this Report, any documents referenced herein, and those documents filed as exhibits to this Report with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect.

Use of Market and Industry Data

This Report includes market and industry data that we have obtained from third party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management's estimates and assumptions relating to such industries based on that knowledge). Management has developed its knowledge of such industries through its experience and participation in these industries. While our management believes the third-party sources referred to in this Report are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this Report or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, references in this Report to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Report.

Forecasts and other forward-looking information obtained from these sources involve risks and uncertainties and are subject to change based on various factors, including those discussed in sections entitled "Forward-Looking Statements," "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Report.

AVAILABLE INFORMATION

Our Internet address is www.superleague.com. At our Investor Relations website, ir.superleague.com, we make available free of charge a variety of information for investors.

PART I

Item 1. Business

Overview

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 virtual collectibles, and (iii) content and technology through the production and distribution of our own, advertiser and third-party interactive and video 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.

Our Strategy

We believe that video gaming and virtual world platforms are where consumers will continue to spend material amounts of time, making it increasingly important for global brands and intellectual property owners to prioritize in-game and in-world marketing and advertising programs. In an attention economy dominated by the continued blending of physical-and-digital lives and smarter, more immersive screens, consumers are increasingly responsive to more customized and personalized advertising content that fits naturally with the activities they most enjoy. For brands, the next generation of consumer engagement will achieved be through targeted solutions that meet this consumer expectation.

With strong roots in open gaming platforms where interactive worlds were first spawned, we believe our success is in the creation, growth, and monetization of playable digital advertising content and interactive experiences across mobile games and immersive platforms. Super League's vision is to be the most comprehensive provider of products and creative, tech-driven solutions that deliver superior levels of consumer engagement and measurable business outcomes for brands within the playable media category.

Built on a powerful foundation of unmatched capabilities and software platforms that have driven consistent success for innovative brand experiences, creator growth and monetization, and significant consumer engagement, our scalable, vertically-integrated solution offers:

- Successful owned and third-party publishing worlds, experiences and destinations;
- Innovative product and marketing solutions for brands and developers; and
- Valued tools and analytics for brands and developers.

Our Business

As an early-mover creating engaging experiences inside of metaverse, or "open world," game platforms since 2015, Super League has converted our deep understanding of young gamers into significant audience reach in virtual world gaming platforms. We believe we have successfully iterated our business model through these market insights, and our organic and inorganic growth to establish scale and ultimately drive our monetization strategies. Our strong and growing product-market fit currently reaches over 130 million monthly unique players in Roblox, Minecraft and Fortnite and generates over one billion monthly impressions. Our software supports the creation and operation of our owned and third-party metaverse gaming worlds and experiences, along with creator tools and analytics underpinned by a creator economy. These capabilities and tools enable Super League to build immersive experiences and custom worlds, as well as, extend audience reach with our innovative in-game ad and consumer products, allowing our content creator partners to participate in our advertising economy. Our analytics suite provides Super League, brands and advertisers, and game developers data that informs campaign measurement and insights, along with enhanced game design. Beyond our primary advertising revenue stream, we have the opportunity to extend further downstream in the metaverse gaming worlds we operate, and generate in-game direct to consumer revenues. In addition, our platform, and our capability to produce compelling gaming-centric video and livestream broadcasts drives viewership to our experiences and our brand partner's digital channels for further amplification.

Specifically, Super League's digital experience and media products provide a wide range of solutions for brands and advertisers. From branded in-game experiences, through to custom content and media, Super League can provide end-to-end solutions for brands to acquire customers, deepen brand affinity and deliver digital to physical conversion to drive meaningful brand business performance. As Super League has scaled in both metaverse player and viewing audience reach, we have experienced growth in both the average revenue size of branded programs, along with a strong percentage of repeat buyers, while upholding our premium cost per impressions ("CPM") rates, further validating a new premium social marketing channel for advertisers to reach elusive Generation Z and Alpha gamers. Additionally, our capability and proprietary technology is now being applied to new virtual world platforms beyond our core offering with the vision of being an enterprise solution for brands to have a persistent, omni-channel across immersive world platforms driving back to a brand's web experience that speaks this new language of 3D engagement. A move to more persistent branded programs shifts the Company's business model from being one of temporal, campaign-centric, engagements to streams that are more annual, recurring, and forecastable in nature, smoothing out some of the current traditional advertising model seasonality.

Digital Properties and Offerings

Our gaming content and media network is underpinned by our proprietary tech and applied to much of our owned and operated consumer properties as well. Our consumer facing digital properties include:

Mineville: Through a relationship with Microsoft, the owner of Minecraft, we operate a Minecraft server world for more casual players enjoying the game on consoles and tablets. One of seven partner servers with Microsoft that, while "free to play," monetize the players through in-game micro transactions, such as gameplay passes and durable goods which run through the Microsoft marketplace.

Minehut: Attracting younger gamers and creators, Minehut is an "always on" social and gaming portal and one of the largest server farms for advanced, avid Minecraft players in the world. Within Minehut is a vibrant community in which players create their own Minecraft worlds to share, socialize and play with friends in addition to Super League operated communal game lobbies for enhanced gaming and social experiences that serve as a portal for branded experiences and advertising. On February 29, 2024, the Company sold substantially all of the assets related to its Minehut operations to GamerSafer, Inc., and has thereafter ceased all Minehut operations. 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 our 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.

In-Game Digital Goods: While nascent in development, the company has the capability to develop 1st party and 3rd party branded digital consumer goods inside virtual world platforms currently being piloted in their owned and operated game worlds, as well as with a small set of brand partners.

Our brand partner and creator facing digital properties include:

Super League Game Studio: One of the preeminent game creation resources in virtual world game platforms, our Super Games publishing capability provides bespoke game development and custom game experiences within our owned and affiliate game worlds and is a power source connecting our developer network to our brand partners.

Super Biz: Our proprietary suite of metaverse media products and analytics connecting brands and advertisers to hundreds of Roblox games and our extensive Minecraft audiences. Through our technology, we partner with game developers to bring innovative ad inventory and custom brand experiences into game worlds, allowing developers to participate in our advertising economy and benefit from our analytics to continually enhance player experience.

Super View: Super Studios is our fully virtual production studio providing state-of-the-art, scalable solutions for video, television, and branded content, powered by our patented Super View technology, offering a browser-based, fully remote control room solution. Whether for the creation and broadcast of premium content, or monitoring productions from remote locations, Super Studios and Super View are an innovative, affordable solution to deliver compelling content to meet advertiser objectives and generate additional sources of revenue.

Monetization

Innovative Brand & Media Integrations

The highly sought-after Generation Z and Alpha audience is increasingly difficult for brands to reach due to the fragmentation of content distribution channels, ad-blocking technology and a sentiment against overt marketing and promotion. Our ability to uniquely aggregate a diverse, global user base across young age ranges, skill levels and game genres and embed direct, authentic branded product placement creates a base of high-quality, premium advertising inventory attractive to brands and advertisers. We stand for inclusive, fair and fun gameplay and entertainment and believe that our brand is at the forefront of the new, more social and creation-centric gaming experience, providing a positive access point for both endemic and non-endemic brands to reach these mainstream audiences.

We have experienced significant organic and inorganic growth in our audience, further expanding our premium advertising inventory, increasing deal-sizes and strong repeat buying across the advertiser verticals of retail, entertainment, toys, fashion, consumer packaged goods, and automotive. We further developed our in-house direct sales capability to monetize our experiential and media inventory and continued to realize increases in sales force effectiveness, as demonstrated by larger total revenue wins for our direct sellers.

Our various advertiser offerings include:

- Dedicated, on-platform experiential spaces;
- Custom integrations into existing, popular games;
- In-game media placement including digital billboards, 3-D ad products, portals and catalogue units;
- In-game branded digital goods;
- Display and video advertising;
- Social amplification through influencer partnerships;
- In-stream and in-video custom and banner ad products;
- Entertainment and competitive play broadcasts, on-demand clips and other custom content;
- Brand lift studies, performance reporting and advanced analytics; and
- Children’s Online Privacy and Protection Act (“COPPA”) compliant and kidSAFE-verified inventory.

Direct to Consumer

Direct to consumer revenues are comprised of revenues generated from the growing number of Minecraft and Roblox virtual gaming worlds we operate. As a component of our revenue diversification strategy, consumer monetization includes in-game items, e-commerce, game passes and ticketing, and digital collectibles.

Content & Technology

As part of our strategy to provide an end-to-end solution for advertiser objectives, Super League's creative services team, powered for broadcasting by Super View, augment our advertiser offer to take a greater share of campaign dollars. Additionally, we leverage our technology and capability to generate content production revenues with third-parties and support our ability to syndicate and monetize our sizable library of our own and player-generated entertainment content.

Industry

According to Statista (2024), there are over 3 billion gamers on the planet and more than 600 million monthly active users in metaverse (2025), open-world game platforms, namely Roblox, Minecraft and Fortnite. Generation Z spends 7.2 hours per week hanging out with friends in immersive spaces, two times more than in real life per the Newzoo Gen Z & Alpha report (2022), which is relevant to advertisers. Per Newzoo (2022), immersive content warrants a 252% higher engagement rate, and 33% of 13 to 39 year olds say their virtual life influences their real-world life interests. Not only has there been a massive audience shift, but it is also taking a disproportionate amount of this next generation consumer's time with the Roblox users averaging 144 minutes per day of play vs. the next closest social media channel, Tik Tok, averaging 95 minutes per day of usage.

Other notable trends that amplify these statistics:

- The rise of metaverse, open-world gaming as preferred social channels that go way beyond the traditional concept of gaming;
- The democratization of content creation, launching self-produced social content platforms and new creator economies;
- The further disaggregation of content and increasing underperformance of traditional digital advertising channels forcing advertisers to find new solutions;
- With smarter screens, an increasing consumer expectation for more personalized, customized and interactive web experiences;
- Cross-generational reach of gaming as a lifestyle trend placing it at the intersection of pop culture, cutting broadly across dimensions;
- Younger generations live a blended life where digital and physical personas are viewed as one, driving cross-over consumer preference, and
- Use of Artificial Intelligence ("AI") to accelerate the company's development cycles and product road maps for faster-to-market, turnkey solutions that enable scale and margin growth.

Our Scalable Technology Platform

Our platform is focused on the creator and player journey and provides innovative ways for brands and advertisers to engage with audiences of gaming enthusiasts. We access players and creators through our vast network of digital game worlds and content channels and then drive them into branded digital experiences through our media products and creator tools. Our proprietary cloud-based platform serves three core functions (i) dynamic media technology (ii) metaverse game experience and tournament technology, and (iii) fully remote production and livestream broadcast technology. Furthermore, our platform enables digital tools for scale, including, but not limited to, data services, event creation and management, ecommerce, advertising technology, COPPA compliance, search engine optimization, and email and mobile marketing.

Our dynamic media technology, both in the size of monetizable ad products and the creator tool suite, was materially expanded with the acquisitions of Bloxbiz Co. (doing business as, and hereinafter referred to as "Super Biz") during Fiscal Year 2021. In addition to Super League's original owned and operated consumer reach, including, but not limited to, Minehut (refer to "Sale of Minehut" below), and our Roblox partner game worlds, advertisers are able to reach tens of millions of monthly metaverse players in-game through our distributed game world network and hundreds of millions of viewers through our amplified programs with influencers distributed across social media channels including YouTube, TikTok and Instagram. This, coupled with custom brand integrations and content, powerful campaign analytics and insights and compliance, offers an immersive and high-performing marketing channel for brands and advertisers. Specifically, our turnkey metaverse ad products are a progressive and differentiated way for advertisers to embed natively into games through interactive 3-D characters, pop-up shops, and catalogues, to name a few, to access their target audience by enhancing the gaming experience without interrupting the play itself. These are high-performing media products offering a best-in-class benchmark for in-game advertising. For example, we ensure viewability with advanced technology that observes if ads are on screen, unobstructed, meet a screen coverage threshold, and other requirements set by Interactive Advertising Bureau ("IAB") which translates into our premium CPM business model.

Additionally, a core differentiator for Super League is our deep insight and capability to deliver contagious custom Roblox game worlds and integrated experiences along with tailored off-platform entertainment content to drive exposure and on-platform engagement. Beyond our few thousand Roblox partner game worlds, we have deepened our internal capability to create custom Roblox worlds through the acquisition of Melon Studios in May 2023 and are extending this capability to new virtual world platforms such as Fortnite.

Finally, from our earliest inception we utilized a local hardware solution to create interactive physical spaces for in-person gaming experiences. In doing so, we created a second-screen perspective that would make the experience more immersive for players and entertaining for spectators, much like professional sporting events, resulting in our Super Studios capability powered by Super View, our patented, fully-remote visualization, production and broadcast technology. Super View automates and scales various gameplay processes and functions that would otherwise need to be accomplished manually. These processes and functions primarily include ways to ensure that visualizations of gameplay and other value-added data and graphics are both captured and delivered efficiently and timely supported by computer vision to glean key events, graphics and data from the game screen. Since COVID-19, we have augmented our virtual control room with remote monitoring and communications and enhanced broadcast-level graphics, for an end-to-end, cloud-based production system built around Super View's proprietary workflow, primarily used for branded broadcasting requests.

Our Growth Strategy

Our core strategy is to further monetize the audience reach we have built on existing metaverse, or "open-world" game platforms and continue applying that smart backbone to other virtual world engines for extended reach and diversification of revenues. We have several leverage points including:

- Deepen our owned metaverse game worlds to grow direct to consumer revenues.
- Grow our publishing, media and creator tool suite to expand audience and analytic insights;
- Increase average overall deal-size and total annual spend per advertiser as we become a standard part of their marketing strategies;
- Increase domestic sales force effectiveness resulting in higher salesperson throughput and net revenue;
- Move beyond our advertising model by applying our end-to-end immersive experience and media engine to new platforms for a persistent immersive marketing strategy for brands and IP owners, and;
- Explore strategies to further develop ownable IP to participate in direct to consumer, digital to physical conversion, and first-party data.

Intellectual Property and Patents

Similar to other interactive entertainment companies, our business depends on the creation, acquisition, licensing, use and protection of intellectual property. We have developed and own various intellectual properties, including pending and issued trademarks, patents, and copyrights. We also have obtained licenses to valuable intellectual property with game publishers. We leverage these licenses and service agreements to operate online and location-based competitions, and in parallel, use them to generate a wide array of content.

As of the date of this Report, we have one pending patent application and five issued patents, and other trademark applications, most of which are granted and some of which are currently pending, covering our technologies and brands. We intend to file additional applications for the grant of patents and registration of our trademarks in the United States and foreign jurisdictions as our business expands. Our issued patents relate to methods of visualization of gameplay across a wide array of game titles for the purpose of content creation and broadcasting. These visualizations manifest as web streams with related textual, graphical, and video content targeted for consumption by audiences across various streaming and VOD platforms such as Twitch and YouTube. To achieve these visualizations, we leverage patent protected technology that places "camera" characters into certain games alongside the competing players, and use the perspective of the 'camera' character to provide unique views into the action. We also have pending patent applications for certain bleeding edge virtualization methods that allow us to generate, at scale, many concurrent visualizations from the cloud.

To protect our intellectual property, we rely on a combination of patent applications, published and issued patents, copyrights, pending and issued trademarks, confidentiality provisions and procedures, other contractual provisions, trade secret laws, and restrictions on disclosure. We intend to vigorously protect our technology and proprietary rights; however, no assurances can be given that our efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us, alleging infringement of their proprietary rights or claiming they have not infringed our intellectual property rights. See the section entitled "Risk Factors" for additional information regarding the risks we face with respect to litigation related to intellectual property claims.

Our Corporate Values and Company Culture

Super League is a creator-first company, a credo embraced by every employee. We are committed to empowering our creators, energizing our players and entertaining fans through our vibrant and immersive gameplay experiences, innovative creator tools and viewing entertainment. Because we have successfully built our own metaverse gaming worlds and content network over the course of several years, we deeply understand the ecosystem of players and creators and what it takes to help brands and advertisers navigate this new digital social channel in an authentic and engaging way. Our corporate brand values are:

- We fearlessly pioneer.
- We excite creativity.
- We ignite connections.
- We live where we play.

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.

Employees and Labor Relations

As of December 31, 2024, we had 75 full-time and full-time equivalent employees. Additionally, we may enter into service agreements with independent contractors, on an as-needed basis, to perform certain services. As of December 31, 2024, three of our full-time employees were subject to fixed-term employment agreements with us, and all other employees served at-will pursuant to the terms set forth in their offer letters.

We believe that we maintain a good working relationship with our employees, and we have not experienced any labor disputes. None of our employees are represented by labor unions.

Governmental Regulation

Our online gaming platforms, which target individuals ranging from elementary school age children to adults, are subject to laws and regulations relating to privacy and child protection. Through our website, online platforms and in person gaming activities we may monitor and collect certain information about child users of these forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet, such as COPPA. COPPA sets forth, among other things, a number of restrictions related to what information may be collected with respect to children under the age of 13, as well as the kinds of content that website operators may present to children under such age. On December 20, 2023, the FTC announced long-awaited proposed amendments to the Children's Online Privacy Protection Rule ("COPPA Rule"). If adopted, the proposed amendments would be the first changes to the COPPA Rule in a decade. The amendments aim to modernize the COPPA framework and shift the burden for protecting children's privacy and security from parents to service providers. The proposed changes include:

- Requiring separate opt-in for targeted advertising;
- Prohibiting conditioning a child's participation on collection of personal information;
- Limiting the support for the internal operations exception, which allows operators to collect persistent identifiers without first obtaining verifiable parental consent as long as the operator does not collect any other personal information;
- Imposing restrictions on educational technology companies, including prohibiting these companies' use of students' data for commercial purposes;
- Increasing accountability for Safe Harbor programs, including by requiring each program to publicly disclose its membership list and report additional information to the Commission;
- Strengthening data security requirements; and
- Limiting data retention.

There are also a variety of laws and regulations governing individual privacy and the protection and use of information collected from individuals, particularly in relation to an individual's personally identifiable information (e.g., credit card numbers). We employ a kick-out procedure during user registration whereby anyone identifying themselves as being under the age of 13 during the process is not allowed to register for a player account on our website or participate in any of our online experiences or tournaments without linking their account to that of a parent or guardian.

In addition, as a part of our experiences, we offer prizes and/or gifts as incentives to play. The federal Deceptive Mail Prevention and Enforcement Act and certain state prize, gift or sweepstakes statutes may apply to certain experiences we run from time to time, and other federal and state consumer protection laws applicable to online collection, use and dissemination of data, and the presentation of website or other electronic content, may require us to comply with certain standards for notice, choice, security and access. We believe that we are in compliance with any applicable law or regulation when we run these experiences.

Cost of Compliance with Environmental Laws

We have not incurred any costs associated with compliance with environmental regulations, nor do we anticipate any future costs associated with environmental compliance; however, no assurances can be given that we will not incur such costs in the future.

ITEM 1A. RISK FACTORS

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Report, including our financial statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, operating results, and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risk Factor Summary

Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our business, financial condition or operating results to be harmed, including risks regarding the following:

Risks Related to Our Business and Industry

- our significant past operating losses and any inability to maintain profitability or accurately predict fluctuations in the future;
- a rapidly developing and relatively new market;
- inability to sustain or manage our growth, or otherwise implement our business strategies;
- loss of advertising revenue;
- inability to maintain an effective revenue model;
- reduction in activity by material clients and/or vendors;
- ineffective marketing and/or advertising efforts;
- our ability to maintain and promote our company culture;
- competition in our industry;
- ability to attract, maintain, and retain licenses for popular games on our platforms;
- ability to enter into definitive license agreements with certain game publishers;
- ability to maintain and acquire new users and creators;
- our ability to maintain, enhance, and promote our brand;
- negative perceptions about our brand, platform, content, leagues, tournaments, and/or competitions;
- anticipating and adopting changes to new technologies, business strategies, and/or methods;

- actual or perceived security breaches, as well as errors, vulnerabilities or defects in our software and/or products, and in software and/or products of third-party providers;
- reliance on server functionality;
- the interoperability of our products and services across third-party services and systems;
- security breaches and cyber threats;
- system failures, outages, and/or disruption due to certain events and interruptions by human-caused problems;
- our ability to hire, retain and motivate highly skilled personnel; and
- our reliance on assumptions and estimates to calculate certain key metrics.

Regulatory and Legal

- complex and evolving U.S. and foreign laws and regulations;
- changes in tax laws or regulations regarding us or our customers;
- decreased levels of traffic due to intensified government regulation of the Internet industry;
- liability in the event of a violation of privacy regulations, data privacy laws, and/or child protection laws;
- lawsuits or liability arising as a result of the Company providing its products and/or services; and
- lawsuits or liability as a result of content published through our products and services.

Intellectual Property and Technology

- current and future litigation related to intellectual property rights;
- our failure to protect our intellectual property rights; and
- piracy, unauthorized copying, and other forms of intellectual property infringement.

Risks Relating to our Indebtedness

- We have incurred a significant amount of indebtedness, and may incur additional indebtedness in the future, which could impair our liquidity and harm our business, results of operations and financial condition;
- If we incur additional debt, it could further increase the risks associated with our leverage and exacerbate the risks described herein;
- restrictive covenants in the agreements governing our indebtedness may limit our financial and operational flexibility, and our indebtedness is secured by a first-priority lien against substantially all of our assets;
- we may not generate sufficient cash to service our indebtedness;
- repayment of our indebtedness is dependent in part on cash flow generated by our subsidiaries; and

- we may be unable to refinance our indebtedness, and if we do, such terms may not be favorable to us.

Governance Risks and Risks Related to Our Common Stock

- Pursuant to notices received by Nasdaq, our common stock may be delisted from the Nasdaq Capital Market, and if our Common Stock is delisted, such event is likely to reduce the liquidity of our common stock and may inhibit or preclude our ability to raise additional financing;
- provisions of Delaware law and our certificate of incorporation and bylaws could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us;
- low trading volume of our common stock;
- the volatility of the trading price of our common stock;
- our policy of not paying cash dividends on our common stock;
- lessened disclosure requirements due to our status as an smaller reporting company; and
- ineffective internal controls could have a material adverse effect on our business, financial conditions, and results of operations; and
- increased share-based compensation expense due to granted equity awards.

Risks Related to Artificial Intelligence and Machine Learning

- Integration of artificial intelligence ("AI") into our operations could adversely affect our business;
- issues in the use of AI or machine learning ("ML") in our operations may result in reputational harm or liability;
- we currently do not incorporate AI or ML into our products, although some of our competitors do, which could adversely affect our business and profitability; and
- issues relating to the use of AI and/or ML may result in increased regulation and costs to comply with such regulations.

General Risk Factors

- actual or threatened epidemics, pandemics, outbreaks, or other public health crises;
- changes in the state of the U.S. economy and a return to volatile or recessionary conditions; and
- risks generally associated with the entertainment industry.

Risks Related to Our Business and Industry

We have incurred significant losses since our inception, and we may continue to experience losses in the future.

The Company incurred net losses as disclosed in the accompanying consolidated statements of operations for the periods presented. Fiscal Years 2024 and 2023 included noncash stock compensation, amortization and impairment charges totaling $3.8 million and $17.3 million, respectively. As of December 31, 2024, we had an accumulated deficit of $270.0 million. We cannot predict if we will achieve profitability soon or at all. We expect to continue to expend substantial financial and other resources on, among other things:

- investments to expand and enhance our technology platform and technology infrastructure, make improvements to the scalability, availability and security of our platform, and develop new offerings;
- sales and marketing, including expanding our customer acquisition and sales organization and marketing programs, and expanding our programs directed at increasing our brand awareness among current and new customers;
- investments in bandwidth to support our video streaming functionality;
- contract labor costs and other costs to host our leagues and tournaments;
- costs to retain and attract users and creators and license first tier game titles, grow our online user community and generally expand our business operations;
- hiring additional employees;
- expansion of our operations and infrastructure, both domestically and internationally; and
- general administration, including legal, accounting and other costs related to being a public company.

We may not generate sufficient revenue to offset such costs to achieve or sustain profitability in the future. We expect to continue to invest heavily in our operations, our online experiences, and business development related to game platforms and publishers, advertisers, sponsors and user acquisition, to maintain as well as accelerate our market position, support anticipated future growth and to meet our expanded reporting and compliance obligations as a public company.

We intend to continue implementing our business strategy with the expectation that there will be no material adverse developments in our business, liquidity or capital requirements. If one or more of these factors do not occur as expected, it could have a material adverse impact on our activities, including (i) reduction or delay of our business activities, (ii) forced sales of material assets, (iii) defaults on our obligations, or (iv) insolvency. Our planned investments may not result in increased revenue or growth of our business. We cannot assure you that we will be able to generate revenue sufficient to offset our expected cost increases and planned investments in our business and platform. If we fail to achieve and sustain profitability, then we may not be able to achieve our business plan, fund our business or continue as a going concern.

We are experiencing a severe cash shortage and without sufficient additional financing we may not be able to execute our business strategy and may be required to cease operations.

As of December 31, 2024, our cash and cash equivalents amounted to $1.3 million. Our revenue for the three-month period ended December 31, 2024, was approximately $3.5 million, and we have been reliant upon proceeds from prior financings (in addition to the revenue from our operations) to fund our operations. If we do not continue to raise capital until we generate sufficient cash flow from operations to fund our operations and cover our working capital deficit, we may be required to discontinue or further substantially modify our business. We cannot be certain that additional proceeds from any offering or other financings that we may undertake will be available to us when required, if at all. The failure to raise necessary funds will have a material adverse effect on our business, financial condition, operating results and prospects.

Our auditors have included an explanatory paragraph in their opinion regarding our ability to continue as a going concern. If we are unable to continue as a going concern, our securities will have little or no value.

WithumSmith+Brown, PC, our independent registered public accounting firm for the fiscal years ended December 31, 2024 and 2023, has included an explanatory paragraph in their opinion that accompanies our audited consolidated financial statements as of and for the years ended December 31, 2024 and 2023, indicating that our recurring losses from operations and negative cash flows from operations raises substantial doubt about our ability to continue as a going concern. If we are unable to obtain profitability or improve our liquidity position, we may not be able to continue as a going concern.

We anticipate that we will continue to generate operating losses and use cash in operations through the foreseeable future. As further set forth below, we anticipate that we will need significant additional capital, or we may be required to curtail or cease operations.

In order to continue as a going concern, we will require significant additional capital, which we may be unable to obtain.

Revenues generated from our operations are not presently sufficient to sustain our operations. Therefore, we will need to raise additional capital in the future to continue our operations. We anticipate that our principal sources of liquidity will not be sufficient to fund our activities to obtain long-term, sustainable profitability. In order to have sufficient cash to fund our operations to obtain long-term, sustainable profitability, we will need to raise additional equity or debt capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us. We will be required to pursue sources of additional capital through various means, including debt or equity financings. Future financings through equity investments will be dilutive to existing stockholders. The terms of securities we may issue in future capital transactions may be more favorable for new investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuances of incentive awards under equity employee incentive plans, all of which will have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which may adversely impact our financial condition. Our ability to obtain needed financing may be impaired by such factors as the capital markets and our history of losses, which could impact the availability and cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues and profits from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to curtail or cease operations.

Our business is highly competitive and subject to rapid changes. We face significant competition to attract and retain our users, developers, and creators that we anticipate will continue to intensify. Should we fail to attract and retain users, developers, and creators, our business and results of operations may suffer.

We compete for both users, developers, and creators. We compete to attract and retain our users' attention on the basis of our content and user experiences. We compete for users and their engagement hours with global technology leaders such as Amazon, Apple, Meta Platforms, Google, Microsoft, and Tencent, global entertainment companies such as Comcast, Disney, and ViacomCBS, online content platforms including Netflix, Spotify, and YouTube, as well as social platforms such as Facebook, Instagram, Pinterest, and Snap.

We rely on developers to create the content that leads to and maintains user engagement (including maintaining the quality of experiences). We compete to attract and retain developers by providing developers the tools to easily build, publish, operate, and monetize content. We compete for developers and engineering talent with gaming and metaverse platforms such as Epic Games, Unity, Meta Platforms, and Valve Corporation, which also give developers the ability to create or distribute interactive content.

We do not have any agreements with our developers that require them to continue to use our platform for any time period. In the future, if we are unable to continue to provide value to these developers and they have alternative methods to publish and commercialize their offerings, they may not continue to provide content to our platform. Should we fail to provide compelling advantages to continued use of our ecosystem to developers, they may elect to develop content on competing interactive entertainment platforms. If a significant number of our developers no longer provide content, we may experience an overall reduction in the quality of our experiences, which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and harm our results of operations.

Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as:

- larger sales and marketing budgets and resources;
- broader and more established relationships with users, developers, and creators;
- greater resources to make acquisitions and enter into strategic partnerships;
- lower labor and research and development costs;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical, and other resources.

We expect competition to continue to increase in the future. Conditions in our market could change rapidly and significantly as a result of technological advancements, the emergence of new entrants into the market, partnering or acquisitions by our competitors, continuing market consolidation, or changing developer, creator and user preferences, which can be difficult to predict or prepare for.

Our competitors vary in size, and some may have substantially broader and more diverse offerings or may be able to adopt more lucrative payment policies or structures for developers. Failure to adequately identify and adapt to these competitive pricing pressures could negatively impact our business.

We may not be able to sustain our growth, effectively manage our anticipated future growth or implement our business strategies.

We have a limited operating history as a leading creator and publisher of content experiences and media solutions across the world's largest immersive platforms and have experienced growth during certain of the periods presented herein due, in large part, to the acquisitions we completed during Fiscal Year 2023 and Fiscal Year 2021. However, recent growth rates may not be indicative of our future performance due to our limited operating history and the rapid evolution of our business model. We may not be able to achieve similar results or accelerate growth at the same rate as we have organically or following the completion of our recent acquisitions and we may not achieve our expected results, all of which may have a material and adverse impact on our financial condition and results of operations.

In addition, our rapid growth and expansion have placed, and continue to place, significant strain on our management and resources. This level of significant growth may not be sustainable or achievable at all in the future. We believe that our future growth will depend on many factors, including our ability to develop new sources of revenues, diversify monetization methods including our direct to consumer offerings, attract and retain competitive gamers and creators, increase engagement, continue developing innovative technologies, and experiences in response to shifting demand in open world gaming, increase brand awareness, and expand into new markets. We cannot assure you that we will achieve any of the above, and our failure to do so may materially and adversely affect our business and results of operations.

We are subject to risks associated with operating in a rapidly developing industry and a relatively new market.

Many elements of our business are unique, evolving and relatively unproven. Our business and prospects depend on the continuing development of a leading position as a creator and publisher of content experiences and media solutions across the world's largest immersive platforms. The market for gaming-related content has grown significantly in recent years and continues to rapidly develop, which may present significant challenges. Our business relies upon our ability to cultivate and grow a robust community of developers and creators and audience members, and our ability to successfully monetize such community through advertising and direct to consumer opportunities. In addition, our continued growth depends, in part, on our ability to respond to rapid technological evolution, continued shifts in gamer trends and demands, frequent introductions of new games and titles and the constant emergence of new industry standards and practices.

Developing and integrating into new games, titles, content, products, services or infrastructure could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve at all. We cannot assure you that we will succeed in any of these aspects or that the industry within which we operate will continue to grow as rapidly as it has in the past.

We generate a significant portion of our revenues from advertising and sponsorships. If we fail to attract more advertisers and sponsors to our platform, or if advertisers or sponsors are less willing to advertise with or sponsor us, our revenues may be adversely affected.

We generate a significant portion of our revenues from advertising on existing digital platforms and within our owned and operated platforms, which we expect to further develop and expand in the near future as online viewership across platforms continues to expand. Our revenues from advertising and sponsorship partly depend on the continual development of the online advertising industry and advertisers' willingness to allocate budgets to online advertising in the gaming and content streaming industry. In addition, companies that decide to advertise or promote online may utilize more established methods or channels, such as more established internet portals or search engines, over advertising on our platform. If the online advertising and sponsorship market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our ability to increase our current level of advertising and sponsorship revenue and our profitability and prospects may be materially and adversely affected.

Furthermore, our core and long-term priority of optimizing the user experience and satisfaction may limit our platform's ability to generate revenues from advertising and sponsorship. For example, in order to provide our users and creators with an uninterrupted experience, we do not place significant amounts of advertising on our streaming interface or insert pop-up advertisements during streaming. While this decision could adversely affect our operating results in the short-term, we believe it enables us to provide a superior gamer experience on our platform, which will help us expand and maintain our current base of users and creators and enhance our monetization potential in the long-term. However, this philosophy of putting our users and creators first may also negatively impact our relationships with advertisers, sponsors or other third parties, and may not result in the long-term benefits that we expect, in which case the success of our business and operating results could be harmed.

Our revenue model may not remain effective and we cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit.

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. We have generated, and expect to continue to generate, a substantial portion of revenues using this revenue model in the near term. Although our business has experienced significant growth in recent years, there is no guarantee that our direct to consumer packages will gain significant traction to maximize our growth rate in the future, as the demand for our offerings may change, decrease substantially or dissipate, or we may fail to anticipate and serve user demands effectively.

The loss of or a substantial reduction in activity by one or more of our largest customers and/or vendors could materially and adversely affect our business, financial condition and results of operations.

For Fiscal Years 2024 and 2023, two customers accounted for 20% and one customer accounted for 14% of revenue, respectively. At December 31, 2024, three customers accounted for 45% of accounts receivable. At December 31, 2023, three customers accounted for 55% of accounts receivable. At December 31, 2024, two vendors accounted for 21% of accounts payable. At December 31, 2023, two vendors accounted for 37% of accounts payable.

The loss of or a substantial reduction in activity by one or more of our largest customers and/or vendors could materially and adversely affect our business, financial condition and results of operations.

Our marketing and advertising efforts may fail to resonate with gamers and creators.

Our service offerings are or may be marketed through a diverse spectrum of advertising and promotional programs such as online and mobile advertising, marketing through websites, event sponsorship and direct communications with our user community including via email, blogs and other electronic means. An increasing portion of our marketing activity is taking place on social media platforms that are either outside, or not totally within, our direct control. Changes to user preferences, marketing regulations, privacy and data protection laws, technology changes or service disruptions may negatively impact our ability to reach target users and creators. Our ability to market our service offerings is dependent in part upon the success of these programs. If the marketing for our service offerings fails to resonate and expand with both the gamer and metaverse community, or if advertising rates or other media placement costs increase, our business and operating results could be harmed.

We have a unique community culture that is vital to our success. Our operations may be materially and adversely affected if we fail to maintain this community culture as we expand in our addressable user communities.

We have cultivated an interactive and vibrant online social user community centered around online gaming and content creation. We ensure a superior user experience by continuously improving the user interface and features of our platform along with offering a multitude of user experiences with first tier service offerings. We believe that maintaining and promoting a vibrant community culture is critical to retaining and expanding our user community. We have taken multiple initiatives to preserve our community culture and values. Despite our efforts, we may be unable to maintain our community culture and cease to be the preferred platform for our target users and creators as we expand our footprint, which would be detrimental to our business operations.

The online gaming industry is very "hit" driven. We may not have access to "hit" games or titles.

Select game titles and platforms dominate competitive online gaming and open world gaming, and many new games titles and platforms are regularly introduced in each major industry segment (console, mobile and PC free-to-download). Despite the number of new entrants, only a very few "hit" titles or platforms account for a significant portion of total revenue in each segment.

The size and engagement level of our users are critical to our success and are closely linked to the quality and popularity of the game publishers with which we have licenses and the platforms on which we operate. Game publishers on our platform, including those who have entered into license agreements with us, may leave us for other gaming platforms which may offer better competition, and terms and conditions than we do. Furthermore, we may lose our licenses with certain game publishers if we fail to generate the number of gamers and creators expected by such publishers. In addition, if popular game publishers cease to license their games to us, or our activities fail to attract gamers and creators, we may experience a decline in gamer traffic, direct to consumer opportunities and engagement, which may have a material and adverse impact on our results of operations and financial conditions. Platforms on which we operate may modify or restrict our access to their platforms.

If we fail to license "hit" games or any of our existing licensed game publishers with which we currently have a license decide to breach the license agreement or choose not to continue with us once the term of the license agreement expires, or if platforms on which we operate modify or restrict our access, the popularity of our experiences and content generated across platforms may decline and the number of our users and creators may decrease, which could materially and adversely affect our results of operations and financial condition.

We have not entered into definitive license agreements with certain game publishers or platforms that we currently have relationships with, and we may never do so.

We currently do not have definitive license agreements in place with game publishers and platforms for the use of certain of the game titled played on our platform, as these publishers currently permit us to integrate the specifications of the game title with our technology. We may not ever enter into license agreements with these parties in the future, instead continuing our relationship with these game publishers without a license agreement. These game publishers may unilaterally choose to discontinue their relationship with the Company, thereby preventing us from offering experiences on our platform using their game titles, as the case may be. Should those game publishers or platforms choose not to allow us to offer experiences involving their respective game titles to our users, the popularity of our experiences and competitions may decline and the number of our users and creators may decrease, which could materially and adversely affect our results of operations and financial condition.

If we fail to keep our existing users and creators highly engaged, and/or acquire new users and creators, our business, profitability and prospects may be adversely affected.

Our success depends on our ability to maintain and grow the number of users and creators using our platform, and keeping our users and creators highly engaged.

In order to attract, retain and engage users and creators and remain competitive, we must continue to develop and expand our product offerings, including internationally, implement new technologies and strategies, improve features of our platform and stimulate interactions in our user community.

A decline in the number of our users and creators in our ecosystem may adversely affect the engagement level of our users and creators, the vibrancy of our user community, or the popularity of our platform, which may in turn reduce our monetization opportunities, and have a material and adverse effect on our business, financial condition and results of operations.

We cannot assure you that our platform will remain sufficiently popular with users and creators to offset the costs incurred to operate and expand it. It is vital to our operations that we remain sensitive and responsive to evolving user preferences and offer first-tier content that attracts our users and creators. We must also keep providing users and creators with new features and functions to enable superior content viewing, and social interaction. Further, we will need to continue to develop and improve our platform and to enhance our brand awareness, which may require us to incur substantial costs and expenses. If such increased costs and expenses do not effectively translate into an improved user experience and direct to consumer-based, long-term engagement, our results of operations may be materially and adversely affected.

The ability to grow our business is dependent in part on the success and availability of mass media channels developed by third parties, as well as our ability to develop commercially successful content.

The success of our business is driven in part by the commercial success and adequate supply of third-party mass media channels for which we may distribute our content, including Twitch, YouTube and ESL.tv. Our success also depends on our ability to accurately predict which channels and platforms will be successful with the online gaming community, our ability to develop commercially successful content and distribute such content, and our ability to effectively manage the transition of our users and creators from one generation or demographic to the next. Additionally, we may enter into certain exclusive licensing arrangements that affect our ability to deliver or market our live and on-demand content on certain channels and platforms. A channel or platform may not succeed as expected or new channels or platforms may take market share and users and creators away from platforms for which we have devoted significant resources. If demand for the channels or platforms for which we are developing is lower than our expectations, we may be unable to fully recover the investments we have made, and our financial performance may be harmed. Alternatively, a channel or platform for which we have not devoted significant resources could be more successful than we initially anticipated, causing us to not be able to take advantage of meaningful revenue opportunities.

If we fail to maintain and enhance our brand/or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected.

We believe that maintaining and enhancing our brand is of significant importance to the success of our business. A well-recognized brand is important to increasing the number of users and creators and the level of engagement of our overall user community which is critical in enhancing our attractiveness to advertisers and sponsors. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain and enhance our market position.

Although we have developed our brand through word of mouth referrals, and key strategic partners, as we expand, we may conduct various marketing and brand promotion activities using various methods to continue promoting our brand. We cannot assure you, however, that these activities will be successful or that we will be able to achieve the brand promotion effect we expect.

In addition, any negative publicity in relation to our service offerings, or operations, regardless of its veracity, could harm our brands and reputation. Negative publicity or public complaints from users and creators may harm our reputation, and if complaints against us are not addressed to their satisfaction, our reputation and our market position could be significantly harmed, which may materially and adversely affect our business, results of operations and prospects.

Negative perceptions about our brand, or platforms, and/or business practices may damage our business and increase the costs incurred in addressing user concerns.

Expectations regarding the quality, performance and integrity of our service offerings are high. Users and creators may be critical of our brand, platform, content, service offerings, and/or business practices for a wide variety of reasons. These negative user reactions may not be foreseeable or within our control to manage effectively, including user reactions to content via social media or other outlets, components and services, or objections to certain of our business practices. Negative user sentiment about our business practices also can lead to investigations from regulatory agencies and consumer groups, as well as litigation, which, regardless of their outcome, may be costly, damaging to our reputation and harm our business.

Technology changes rapidly in our business and if we fail to anticipate or successfully implement new technologies or adopt new business strategies, technologies or methods, the quality, timeliness and competitiveness of our offered services may suffer.

Rapid technology changes require us to anticipate, sometimes years in advance, which technologies we must develop, implement and take advantage of in order to be and remain competitive in both the content-creation and delivery market, social media markets, and the metaverse gaming market. We have invested, and in the future may invest, in new business strategies including within metaverse gaming, a direct to consumer model, technologies, products, or games or first-tier game titles to continue to persistently engage the user and deliver the best user experience. For example, if we are unable to react quickly to new technology trends—for example the continued growth of generative Artificial Intelligence (“AI”) solutions which disrupts the ways developers create experiences or may disrupt the way users consume virtual goods—it may harm our business and results of operation. Further, social and ethical issues relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues. AI presents emerging ethical issues and if we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand/or reputational harm, competitive harm, or legal liability. Failure to address AI ethics issues by us or others in our industry could undermine public confidence in AI.

Such endeavors may involve significant risks and uncertainties, and no assurance can be given that the technology we choose to adopt and the features that we pursue will be successful. If we do not successfully implement these new technologies, our reputation may be materially adversely affected and our financial condition and operating results may be impacted. We also may miss opportunities to adopt technology, or develop technologies, products, or services that become popular with users and creators, which could adversely affect our financial results. It may take significant time and resources to shift our focus to such technologies, putting us at a competitive disadvantage.

Our development process usually starts with particular user experiences in mind, and a range of technical development and feature goals that we hope to be able to achieve. We may not be able to achieve these goals, or our competitors may be able to achieve them more quickly and effectively than we can based on having greater operating capital and personnel resources. If we cannot achieve our technology goals within the original development schedule, then we may delay their release until these goals can be achieved, which may delay or reduce revenue and increase our development expenses. Alternatively, we may be required to significantly increase the resources employed in research and development in an attempt to accelerate our development of new technologies, either to preserve our launch schedule or to keep up with our competitors, which would increase our development expenses.

Our new services and changes to existing services could fail to attract or retain users or generate revenue and profits.

Our ability to retain, increase, and engage our user base and to increase our revenue depends heavily on our ability to continue to evolve our existing services and to develop successful new services, both independently and in conjunction with developers or other third parties. We may introduce significant changes to our existing services or acquire or introduce new and unproven services, including using technologies with which we have little or no prior development or operating experience. For example, we do not have significant experience with virtual or augmented reality technology, which may adversely affect our ability to successfully develop and market our offerings within these technologies. We continue to incur substantial costs, and we may not be successful in generating profits, in connection with these efforts. In addition, the introduction of new services, or changes to existing services, may result in new or enhanced governmental or regulatory scrutiny, litigation, or other complications that could adversely affect our business and financial results. We have also invested, and expect to continue to invest, significant resources in growing our service offerings to support increasing usage of such products. If our new or enhanced services fail to engage users, marketers, or developers, or if our business plans are unsuccessful, we may fail to attract or retain users or to generate sufficient revenue, operating margin, or other value to justify our investments, and our business may be adversely affected.

We may not be successful in our metaverse gaming strategy and investments, which could adversely affect our business, reputation, or financial results.

We believe the metaverse, an embodied internet where people have immersive experiences beyond two-dimensional screens, is the next evolution in social technology. Our business strategy focuses on offerings within metaverse gaming. We expect this will be a complex, evolving, and long-term initiative that will involve the development of new and emerging technologies, continued investment in privacy, safety, and security efforts, and collaboration with other companies, developers, partners, and other participants. However, the metaverse may not develop in accordance with our expectations, and market acceptance of features, products, or services we build for the metaverse is uncertain. In addition, we have limited experience with virtual and augmented reality technology, which may enable other companies to compete more effectively than us. We may be unsuccessful in our research and product development efforts, including if we are unable to develop relationships with key participants in metaverse gaming or develop products that operate effectively with metaverse gaming technologies, products, systems, networks, or standards. Our metaverse gaming efforts may also divert resources and management attention from other areas of our business. In addition, as our metaverse gaming efforts evolve, we may be subject to a variety of existing or new laws and regulations in the United States and international jurisdictions, including in the areas of privacy and e-commerce, which may delay or impede the development of our products and services, increase our operating costs, require significant management time and attention, or otherwise harm our business. As a result of these or other factors, our metaverse gaming strategy and investments may not be successful in the foreseeable future, or at all, which could adversely affect our business, reputation, or financial results.

We focus our business on our developers, creators, and users, and acting in their interests in the long-term may conflict with the short-term expectations of analysts and investors.

A significant part of our business strategy and culture is to focus on long-term growth and developer, creator, and user experience over short-term financial results. We expect our expenses to continue to increase in the future as we broaden our developer, creator, and user community, as developers, creators, and users increase the amount and types of content they make available on our platform and the content they consume, as we continue to seek ways to increase payments to our developers, and as we develop and further enhance our platform, expand our technical infrastructure, and hire additional employees to support our expanding operations. As a result, in the near- and medium-term, we may continue to operate at a loss, or our near- and medium-term profitability may be lower than it would be if our strategy were to maximize near- and medium-term profitability. We expect to continue making significant expenditures to grow our platform and develop new features, integrations, capabilities, and enhancements to our platform for the benefit of our developers, creators, and users. Such expenditures may not result in improved business results or profitability over the long-term. If we are ultimately unable to achieve or improve profitability at the level or during the time frame anticipated by securities or industry analysts, investors and our stockholders, the trading price of our common stock may decline.

We may experience security breaches and cyber threats.

We continually face cyber risks and threats that seek to damage, disrupt or gain access to our networks and our platform, supporting infrastructure, intellectual property and other assets. In addition, we rely on technological infrastructure, including third party cloud hosting and broadband, provided by third party business partners to support the in person and online functionality of our platform. These business partners are also subject to cyber risks and threats. Such cyber risks and threats may be difficult to detect. Both our partners and we have implemented certain systems and processes to guard against cyber risks and to help protect our data and systems. However, the techniques that may be used to obtain unauthorized access or disable, degrade, exploit or sabotage our networks and platform change frequently and often are not detected. Our systems and processes, and the systems and processes of our third-party business partners, may not be adequate. Any failure to prevent or mitigate security breaches or cyber risks, or respond adequately to a security breach or cyber risk, could result in interruptions to our platform, degrade the user experience, cause users and creators to lose confidence in our gaming platform and cease utilizing it, as well as significant legal and financial exposure. This could harm our business and reputation, disrupt our relationships with partners and diminish our competitive position.

Successful exploitation of our networks and platform can have other negative effects upon the user experience we offer. In particular, the virtual economies that exist in certain of our licensed game publishers' games and developers' outside platforms, such as Roblox, are subject to abuse, exploitation and other forms of fraudulent activity that can negatively impact our business. Virtual economies involve the use of virtual currency and/or virtual assets that can be used or redeemed by a user within a particular online game or service.

Our business could be adversely affected if our data privacy and security practices are not adequate, or perceived as being inadequate, to prevent data breaches, or by the application of data privacy and security laws generally.

In the course of our business, we may collect, process, store and use gamer and other information, including personally identifiable information, passwords and credit card information, the latter of which is subject to PCI-DSS compliance. Although we take measures to protect this information from unauthorized access, acquisition, disclosure and misuse, our security controls, policies and practices may not be able to prevent the improper or unauthorized access, acquisition or disclosure of such information. The unauthorized access, acquisition or disclosure of this information, or a perception that we do not adequately secure this information could result in legal liability, costly remedial measures, governmental and regulatory investigations, harm our profitability and reputation and cause our financial results to be materially affected. In addition, third party vendors and business partners receive access to information that we collect. These vendors and business partners may not prevent data security breaches with respect to the information we provide them or fully enforce our policies, contractual obligations and disclosures regarding the collection, use, storage, transfer and retention of personal data. A data security breach of one of our vendors or business partners could cause reputational harm to them and/or negatively impact our ability to maintain the credibility of our user community.

Data privacy, data protection, localization, security and consumer-protection laws are evolving, and the interpretation and application of these laws in the United States, Europe (including compliance with the European Union's General Data Protection Regulation ("GDPA"), and elsewhere often are uncertain, contradictory and changing. It is possible that these laws may be interpreted or applied in a manner that is averse to us or otherwise inconsistent with our practices, which could result in litigation, regulatory investigations and potential legal liability or require us to change our practices in a manner adverse to our business. As a result, our reputation and brand may be harmed, we could incur substantial costs, and we could lose both users and creators and revenue.

We depend on servers to operate our service offerings with online features and our proprietary online platform. If we were to lose server functionality for any reason, our business may be negatively impacted.

Our business relies on the continuous operation of servers, some of which are owned and operated by third parties. Although we strive to maintain more than sufficient server capacity, and provide for active redundancy in the event of limited hardware failure, any broad-based catastrophic server malfunction, a significant service-disrupting attack or intrusion by hackers that circumvents security measures, a failure of disaster recovery service or the failure of a company on which we are relying for server capacity to provide that capacity for whatever reason could degrade or interrupt the functionality of our platform, and could prevent the operation of our platform for both in-person and online user experiences.

We also rely on networks operated by third parties to support content on our platform, including networks owned and operated by game publishers. An extended interruption to any of these services could adversely affect the use of our platform, which would have a negative impact on our business.

Further, insufficient server capacity could also negatively impact our business. Conversely, if we overestimate the amount of server capacity required by our business, we may incur additional operating costs.

Our advertising revenue is dependent on targeting and measurement tools that incorporate data signals from user activity on websites and services that we do not control, and changes to the regulatory environment, third-party mobile operating systems and browsers, and our own products have impacted, and we expect will continue to impact, the availability of such signals, which will adversely affect our advertising revenue.

We rely on data signals from user activity on websites and services that we do not control in order to deliver relevant and effective ads to our users. Our advertising revenue is dependent on targeting and measurement tools that incorporate these signals, and any changes in our ability to use such signals will adversely affect our business. For example, legislative and regulatory developments, such as the GDPR, and the California Consumer Privacy Act ("CCPA"), have impacted, and we expect will continue to impact, our ability to use such signals in our ad products. In particular, we may see an increasing number of users opt to control certain types of ad targeting, which may increase further with expanded control over certain third-party data as part of our compliance with these laws and regulations, and we may have to introduce product changes that limit data signal use for certain users in California following adoption of the CCPA. Regulatory guidance or decisions or new legislation in these or other jurisdictions may require us to make additional changes to our products in the future that further reduce our ability to use these signals. In addition, mobile operating system and browser providers, such as Apple and Google, have implemented product changes and/or announced future plans to limit the ability of websites and application developers to collect and use these signals to target and measure advertising. These developments may limit our ability to target and measure the effectiveness of ads across platforms and may negatively impact our advertising revenue. If we are unable to mitigate these developments as they take further effect in the future, our targeting and measurement capabilities may be materially and adversely affected, which would in turn significantly impact our future revenue growth.

Our online platform and services offered through our platform may contain defects.

Our online platform and the services offered through our platform are extremely complex and are difficult to develop and distribute. We have quality controls in place to detect defects in our platform before they are released. Nonetheless, these quality controls are subject to human error, overriding, and reasonable resource or technical constraints. Further, we have not undertaken independent third-party testing, verification or analysis of our platform and associated systems and controls. Therefore, our platform and quality controls and preventative measures we have implemented may not be effective in detecting all defects in our platform. In the event a significant defect in our platform and associated systems and controls is realized, we could be required to offer refunds, suspend the availability of our service offerings, or expend significant resources to cure the defect, each of which could significantly harm our business and operating results.

We may experience system failures, outages and/or disruptions of the functionality of our platform. Such failures, delays and other problems could harm our reputation and business, cause us to lose customers and expose us to customer liability.

We may experience system failures, outages and/or disruptions of our infrastructure, including information technology system failures, network disruptions, and cloud hosting and broadband disruptions. Our operations could be interrupted or degraded by any damage to or failure of:

- our computer software or hardware, or our customers' or suppliers' computer software or hardware;
- our network, our customers' networks or our suppliers' networks; or
- our connections and outsourced service arrangements with third parties.

Our systems and operations are also vulnerable to damage or interruption from:

- power loss, transmission cable cuts and other telecommunications and utility failures;
- hurricanes, fires, earthquakes, floods and other natural disasters;
- a terrorist attack in the U.S. or in another country in which we operate;
- interruption of service arising from facility migrations, resulting from changes in business operations including acquisitions and planned data center migrations;
- computer viruses or software defects;
- loss or misuse of proprietary information or customer data that compromises security, confidentiality or integrity; or
- errors by our employees or third-party service providers.

From time to time in the ordinary course of our business, our network nodes and other systems experience temporary outages. As a means of ensuring continuity in the services we provide to our community and partners, we have invested in system redundancies via partnerships with industry leading cloud service providers, proactive alarm monitoring and other back-up infrastructure, though we cannot assure you that we will be able to re-route our services over our back-up facilities and provide continuous service to customers in all circumstances without material degradation. Because many of our services play a critical role for our community and partners, any damage to or failure of the infrastructure we rely on could disrupt or degrade the operation of our network, our platform and the provision of our services and result in the loss of current and potential community members and/or partners and harm our ability to conduct normal business operations.

We use third-party services and technologies in connection with our business, and any disruption to the provision of these services and technologies to us could result in negative publicity and a slowdown in the growth of our users, which could materially and adversely affect our business, financial condition and results of operations.

Our business partially depends on services provided by, and relationships with, various third parties, including cloud hosting and broadband providers, among others. To this end, when our cloud hosting and broadband vendors experience outages, our services will be negatively impacted and alternative resources will not be immediately available. In addition, certain third-party software we use in our operations is currently publicly available free of charge. If the owner of any such software decides to charge users or no longer makes the software publicly available, we may need to incur significant costs to obtain licensing, find replacement software or develop it on our own. If we are unable to obtain licensing, find or develop replacement software at a reasonable cost, or at all, our business and operations may be adversely affected.

We exercise no control over the third-party vendors that we rely upon for cloud hosting, broadband and software service. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to successfully grow our user base, compete effectively with other platforms, and further monetize our platform, our business will suffer.

We have made, and are continuing to make, investments to enable our developers to design and build compelling content and deliver it to our users on our platform. Existing and prospective developers may not be successful in creating content that leads to and maintains user engagement (including maintaining the quality of experiences) or they may fail to expand the types of experiences that our developers can build for users, and other global entertainment companies, online content platforms, and social platforms may entice our users and potential users away from, or to spend less time with, our platform, each of which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and harm our results of operations.

Additionally, we may not succeed in further monetizing our platform and user base. As a result, our user growth, user engagement, financial performance and ability to grow revenue could be significantly harmed if:

- we fail to increase or maintain KPIs;
- our user growth outpaces our ability to monetize our users, including if our user growth occurs in markets that are not profitable;
- we fail to establish a base of our developers, creators, and users;
- we fail to provide the tools and education to our developers and creators to enable them to monetize their experiences;
- we fail to increase or maintain the amount of time spent on our platform, the number of experiences that our users share and explore with friends, or the usage of our technology for our developers;
- we do not develop and establish the social features of our platform, allowing it to more broadly serve the entertainment, education, and business markets;
- we fail to increase penetration and engagement across target age demographics;
- developers do not create engaging or new experiences for users;
- users reduce their subscriptions for our services within our platform; or
- the experiences on our platform do not maintain or gain popularity.

If we are able to continue to grow, we will need to manage our growth effectively, which could require expanding our internal IT systems, technological operations infrastructure, financial infrastructure, and operating and administrative systems and controls. In addition, we have expended in the past and may in the future expend significant resources to launch new features and changes on our platform that we are unable to monetize, which may significantly harm our business. Any future growth would add complexity to our organization and require effective coordination across our organization, and an inability to do so would adversely affect our business, financial conditions and results of operations.

We may provide access to offerings within our platform that are subscription-based. While we intend for these efforts to generate increased recurring revenues from our existing user base, they may cause users to decrease their overall spend on our platform. Our ability to attract and retain users of paid subscription services will depend in part on our ability to consistently provide subscribers with a quality experience. If our users do not perceive these offerings to be of value, or if we introduce new or adjust existing features or pricing in a manner that is not favorably received by them, we may not be able to attract and retain subscribers or be able to convince users to become subscribers of such additional service offerings, and we may not be able to increase the amount of recurring revenue from our user base. Subscribers may cancel their subscription to our service for many reasons, including a perception that they do not use the service sufficiently, the need to reduce household expenses, competitive services that provide a better value or experience or as a result of changes in pricing. If our efforts to attract and retain subscribers are not successful, our business, operating results, and financial condition may be adversely impacted.

We have seen the growth rate of our users fluctuate and expect it to continue to change over time. If we fail to retain users or add new users, or if our users decrease their level of engagement with our platform, revenue, bookings, and operating results will be harmed.

We believe we have successfully iterated our business model through market insights, and our organic and inorganic growth to establish scale and ultimately drive our monetization strategies. Our strong and growing product-market fit currently reaches over 100 million monthly unique players in Roblox, Minecraft and Fortnite and generates over one billion monthly impressions. We view our key performance Indicators ("KPIs") as a critical measure of our user engagement, and adding, maintaining, and engaging users has been and will continue to be necessary to our continued growth. Our KPI growth rate has fluctuated in the past and may slow in the future due to various factors. As COVID-19 related shelter-in-place orders lifted and children returned to school, we saw growth rates moderate in certain markets. Other factors including: the introduction of new experiences on our platform, higher market penetration rates, and competition from a variety of entertainment sources for our users and their time could also cause our growth rates to fluctuate. For example, while our KPIs have grown on a quarterly basis for the last several years, there have been months where they have not or have grown at a slower pace, often due to seasonal or other factors. Seasonal factors may have been impacted by the COVID-19 pandemic and we expect that seasonality could again cause user activity to decrease, including below historical levels as the impacts of the COVID-19 pandemic moderate. In addition, our strategy seeks to expand the age groups and geographic markets that make up our users, and if and when we achieve maximum market penetration rates among any particular user cohort overall and in particular geographic markets, future growth in KPIs will need to come from other age or geographic cohorts in other markets, which may be difficult, costly or time consuming for us to achieve. Accessibility to the internet and bandwidth or connectivity limitations as well as regulatory requirements, may also affect our ability to further expand our user base in a variety of geographies. If our KPI growth rate slows or becomes stagnant, or we have a decline in KPIs, or we fail to effectively monetize users in certain geographic markets, our financial performance will increasingly depend on our ability to elevate user activity or increase the monetization of our users.

Our business plan assumes that the demand for interactive entertainment offerings, specifically, the adoption of a metaverse with users interacting together by playing, communicating, connecting, making friends, learning, or simply hanging out, all in 3D environments, will increase for the foreseeable future. However, if this market shrinks or grows more slowly than anticipated, if the metaverse does not gain widespread adoption as a forum for experiences, social interaction and creative expression for our users, or if demand for our platform does not grow as quickly as we anticipate, whether as a result of competition, product obsolescence, budgetary constraints of our developers, creators, and users, technological changes, unfavorable economic conditions, uncertain geopolitical or regulatory environments or other factors, we may not be able to increase our revenue and bookings sufficiently to ever achieve profitability and our stock price would decline.

The multitude of other entertainment options, online gaming, and other interactive experiences is high, making it difficult to retain users who are dissatisfied with our platform and seek other entertainment options. Moreover, a large number of our users are within a demographic which may be less brand loyal and more likely to follow trends, including viral trends, than other demographics. These and other factors may lead users to switch to another entertainment option rapidly, which can interfere with our ability to forecast usage or KPIs and would negatively affect our user retention, growth, and engagement. We also may not be able to penetrate other demographics in a meaningful manner to compensate for the loss of KPIs in this age group. Falling user retention, growth, or engagement rates could seriously harm our business.

Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business.

We regularly review metrics and KPIs, including monthly unique players and monthly impressions to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal data gathered on an analytics platform that we developed and operate and have not been validated by an independent third party. Our metrics and estimates may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely. If our estimates are inaccurate, then investors will have less confidence in our company and our prospects, which could cause the market price of our common stock to decline, our reputation and brand could be harmed.

While these metrics are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our service offerings are used and as a result, the metrics may overstate the number of monthly unique players and monthly impressions. For example, there may be users who have multiple accounts, fake user accounts, or fraudulent accounts created by bots to inflate user activity for a particular developer or creator, thus making the developer or creator's experience or other content appear more popular than it really is. We strive to detect and minimize fraud and unauthorized access to our service offerings, and these practices are prohibited in our terms of service and we implement measures to detect and suppress that behavior. Some of our demographic data may be incomplete or inaccurate. For example, because users self-report their dates of birth, our age demographic data may differ from our users' actual ages. If our users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate.

Errors or inaccuracies in our metrics or data could also result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies. If our developers do not perceive our user, geographic, or other demographic metrics to be accurate representations of our user base, or if we discover material inaccuracies in our user, geographic, or other demographic metrics, our reputation may be seriously harmed. Our developers, creators and partners may also be less willing to allocate their budgets or resources to our service offerings, which could seriously harm our business.

Growth and engagement of our user community depends upon effective interoperability with mobile operating systems, networks, mobile devices and standards that we do not control.

We make our services available across a variety of mobile operating systems and devices. We are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. Any changes in such mobile operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices and standards. In the event that it is difficult for our users to access and use our services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business and operating results could be adversely affected.

Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our business operations may be severely disrupted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Since our industry is characterized by high demand and intense competition for talents, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, as the Company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business which may materially and adversely affect our ability to grow our business and hence our results of operations.

If any of our executive officers and key employees terminates their services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose users and creators, know-how and key professionals and staff members. Certain of our executive officers and key employees have entered into a non-solicitation and non-competition agreements with us. However, certain provisions under the non-solicitation and non-competition agreement may be deemed legally invalid or unenforceable. If any dispute arises between our executive officers and us, we cannot assure you that we would be able to enforce these non-compete agreements.

Our business is affected by seasonal demands, and our financial condition and results of operations will fluctuate from quarter to quarter, which makes our financial results difficult to predict and may not fully reflect our underlying performance.

Historically, our business has been highly seasonal, with the highest percentage of our revenues occurring in the second half of the fiscal year, with the fourth quarter typically representing our highest revenue quarter each year, when advertising spending is typically strongest due to the holiday seasons, and we expect this trend to continue. We may also experience fluctuations due to factors that may be outside of our control that affect user, developer, or creator engagement with our Platform.

Accordingly, our quarterly results of operations have fluctuated in the past and will fluctuate in the future, both based on the seasonality of our business as well as external factors impacting the global economy, our industry and our company, including, but not limited to our ability to maintain and grow our customer base, customer engagement, developer base and developer engagement; the level of demand for our service offerings; the ability of our developers to monetize their experiences; increased competition; our pricing model; the maturation of our business; our ability to introduce new revenue streams; legislative or regulatory changes; macroeconomic conditions, such as high inflation, recessionary or uncertain environments, and fluctuating foreign currency exchange rates; our ability to maintain operating margins, cash used in operating activities, and free cash flow; system failures or actual or perceived breaches or other incidents relating to privacy or cybersecurity; adverse litigation judgments, settlements, or other litigation and dispute-related costs; adverse media coverage or unfavorable publicity; the effectiveness of our internal control over financial reporting; changes in our effective tax rate; and changes in accounting standards, policies, guidance, interpretations, or principles. As a result, you should not rely on our past quarterly results of operations as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving market segments.

We plan to continue to make acquisitions and pursue other strategic transactions, which could require significant management attention, disrupt our business, dilute our stockholders, impact our financial condition or results of operations, significantly harm our business, and adversely affect the price of our common stock.

As part of our business strategy, we have made and intend to continue to make acquisitions to add specialized employees and complementary companies, products, or technologies, and from time to time may enter into other strategic transactions such as investments and joint ventures. We may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions or other strategic transactions on favorable terms, or at all, including as a result of regulatory challenges. The pursuit of potential acquisitions may divert the attention of management and cause us to incur significant expenses related to identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. In some cases, the costs of such acquisitions or other strategic transactions may be substantial, and there is no assurance that we will realize expected synergies from future growth and potential monetization opportunities for our acquisitions or a favorable return on investment for our strategic investments. Furthermore, our acquisition strategy may not succeed if we are unable to remain attractive to target companies or expeditiously close transactions. If we develop a reputation for being a difficult acquirer or having an unfavorable work environment, or if target companies view our common stock unfavorably, we may be unable to consummate key acquisition transactions essential to our corporate strategy and our business may be significantly harmed.

We may pay substantial amounts of cash or incur debt to pay for acquisitions or other strategic transactions, which has occurred in the past and could adversely affect our liquidity. The incurrence of indebtedness would also result in increased fixed obligations and increased interest expense, and could also include covenants or other restrictions that would impede our ability to manage our operations. We may also issue equity securities to pay for acquisitions and may grant stock options or other equity awards to retain the employees of acquired companies, which could increase our expenses, adversely affect our financial results, and result in dilution to our stockholders. In addition, any acquisitions or other strategic transactions we announce could be viewed negatively by users, marketers, developers, or investors, which may adversely affect our business or the price of our common stock.

We may also discover liabilities, deficiencies, or other claims associated with the companies or assets we acquire that were not identified in advance, which may result in significant unanticipated costs. The effectiveness of our due diligence review and our ability to evaluate the results of such due diligence are dependent upon the accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives, as well as the limited amount of time in which acquisitions are executed. In addition, we may not successfully evaluate or use the acquired products, technology, and personnel, or accurately forecast the financial impact of an acquisition or other strategic transaction, including tax and accounting charges which could be recognized as a current period expense. Furthermore, it generally takes several months after the closing of an acquisition to finalize the purchase price allocation. Therefore, it is possible that our valuation of an acquisition may change and result in unanticipated write-offs or charges, impairment of our goodwill, or a material change to the fair value of the assets and liabilities associated with a particular acquisition, any of which would affect our consolidated balance sheet and could significantly harm our business. Acquisitions or other strategic transactions may also result in our recording of significant additional expenses to our results of operations and recording of substantial finite-lived intangible assets on our consolidated balance sheet upon closing. Any of these factors may adversely affect our financial condition or results of operations.

We may not be able to successfully integrate our acquisitions and we may incur significant costs to integrate and support the companies we acquire.

The integration of companies or assets we acquire requires significant time and resources, particularly with respect to companies that have significant operations or that develop products where we do not have prior experience, and we may not manage these processes successfully. We continue to make substantial investments of resources to support our acquisitions, which has in the past resulted, and we expect will in the future result, in significant ongoing operating expense and the diversion of resources and management attention from other areas of our business. We cannot assure you that these investments will be successful. If we fail to successfully integrate the companies we acquire, we may not realize the benefits expected from the transaction and our business may be harmed.

We may encounter significant difficulties integrating acquired businesses.

The integration of any businesses is a complex, costly and time-consuming process. As a result, we have devoted, and will continue to devote, significant management attention and resources to integrating acquired businesses. The failure to meet the challenges involved in integrating businesses and to realize the anticipated benefits of any acquisition could cause an interruption of, or a loss of momentum in, the activities of our combined business and could adversely affect our results of operations. The difficulties of combining acquired businesses with our own include, among others:

- the diversion of management attention to integration matters;
- difficulties in integrating functional roles, processes and systems, including accounting systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in assimilating, attracting and retaining key personnel;
- challenges in keeping existing clients and obtaining new clients;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from an acquisition;
- difficulties in managing the expanded operations of a significantly larger and more complex business;
- contingent liabilities, including contingent tax liabilities or litigation, that may be larger than expected; and
- potential unknown liabilities, adverse consequences or unforeseen increased expenses associated with an acquisition, including possible adverse tax consequences to the combined business pursuant to changes in applicable tax laws or regulations.

Many of these factors are outside of our control, and any one of them could result in increased costs, decreased expected revenues and diversion of management time and energy, all of which could adversely impact our business and results of operations. These difficulties have been enhanced further as a result of our office closures and work-from home policies, which may hinder the assimilation of key personnel.

If we are not able to successfully integrate an acquisition, if we incur significantly greater costs to achieve the expected synergies than we anticipate or if activities related to the expected synergies have unintended consequences, our business, financial condition or results of operations could be adversely affected.

The preparation of our financial statements involves the use of good faith estimates, judgments and assumptions, and our financial statements may be materially affected if such good faith estimates, judgments or good faith assumptions prove to be inaccurate.

Financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) typically require the use of good faith estimates, judgments and assumptions that affect the reported amounts. Often, different estimates, judgments and assumptions could reasonably be used that would have a material effect on such consolidated financial statements, and changes in these estimates, judgments and assumptions may occur from period to period over time. Significant areas of accounting requiring the application of management’s judgment include, but are not limited to, determining the fair value of assets, share-based compensation and the timing and amount of cash flows from assets. These estimates, judgments and assumptions are inherently uncertain and, if our estimates were to prove to be wrong, we would face the risk that charges to income or other financial statement changes or adjustments would be required. Any such charges or changes would require a restatement of our consolidated financial statements and could harm our business, including our financial condition and results of operations and the price of our securities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for a discussion of the accounting estimates, judgments and assumptions that we believe are the most critical to an understanding of our consolidated financial statements and our business.

We are currently dependent on certain game publishers and online game platforms for a substantial portion of our revenue. In the event such publishers or online platforms change their terms and conditions impacting our ability to deploy advertising campaigns on their platforms, or otherwise engage in direct-to-consumer offers, our business, growth prospects and financial condition could be adversely affected.

We currently generate a substantial portion of our revenue from in-game platform advertising and direct to consumer offers, including digital subscriptions, in-game digital goods, and gameplay access fees, on various metaverse gaming platforms. Additional revenue is generated through our owned and operated properties, along with properties we operate on behalf of others. In the event such game publishers or online game platforms change their current terms and conditions in a manner that limits our ability to deploy advertising campaigns or otherwise engage in direct-to-consumer offers through our partner's metaverse gaming platforms, or our owned and operated properties, our business, growth prospects and financial condition could be adversely affected.

Regulatory and Legal Risk Factors

Our business is subject to regulation, and changes in applicable regulations may negatively impact our business.

We are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. In addition, laws and regulations relating to user privacy, data collection, retention, electronic commerce, virtual items and currency, consumer protection, content, advertising, localization, and information security have been adopted or are being considered for adoption by many jurisdictions and countries throughout the world. These laws could harm our business by limiting the products and services we can offer consumers or the manner in which we offer them. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws or the application of these laws in an unanticipated manner may harm our business and result in penalties or significant legal liability.

In addition, we include modes in our platform that allow players to compete against each other. Although we structure and operate these skill-based competitions with applicable laws in mind, our skill-based competitions in the future could become subject to evolving rules and regulations and expose us to significant liability, penalties and reputational harm.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our earnings and adversely affect our operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, on December 22, 2017, tax legislation was signed into law that contained many significant changes to the U.S. tax laws. The new legislation reduced the corporate income tax rate from 34% to 21% effective January 1, 2018, resulting in our deferred income tax assets and liabilities, including NOLs, to be measured using the new rate as reflected in the valuation of these assets as of December 31, 2017. As a result, the value of our deferred tax assets decreased by approximately $4.3 million, and the related valuation allowance has been reduced by the same amount. Our analysis and interpretation of this legislation is ongoing. Given the full valuation allowance provided for net deferred tax assets for the periods presented herein, the change in tax law did not have a material impact on our consolidated financial statements provided herein. There may, however, be additional tax impacts identified in subsequent fiscal periods in accordance with subsequent interpretive guidance issued by the SEC or the Internal Revenue Service. Further, there may be other material adverse effects resulting from the legislation that we have not yet identified. No estimated tax provision has been recorded in the consolidated financial statements included herein for tax attributes that are incomplete or subject to change.

The foregoing items could have a material adverse effect on our business, cash flow, financial condition or results of operations. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. The impact of this tax legislation on holders of our common stock is also uncertain and could be adverse. We urge our stockholders and investors to consult with our legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock.

Our online activities are subject to various laws and regulations relating to privacy and child protection, which, if violated, could subject us to an increased risk of litigation and regulatory actions.

In addition to our platform, we use third-party applications, websites, and social media platforms to promote our service offerings and engage users, as well as monitor and collect certain information about users in our online forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet such as the Children's Online Privacy and Protection Act of 1998 ("COPPA"). COPPA sets forth, among other things, a number of restrictions on what website operators can present to children under the age of 13 and what information can be collected from them. COPPA is of particular concern to us, and in an effort to minimize our risk of potential exposure, we retained a COPPA expert as a consultant and have posted a compliant privacy policy, terms of use and various other policies on our website. We undertake significant effort to implement certain precautions to ensure that access to our platform is COPPA compliant. Despite our efforts, no assurances can be given that such measures will be sufficient to completely avoid exposure and COPPA violations, any of which could expose us to significant liability, penalties, reputational harm and loss of revenue, among other things.

The laws and regulations concerning data privacy are continually evolving. Failure to comply with these laws and regulations could harm our business.

Consumers are able to access our service offerings online through our platform. We collect and store information about our consumers both personally identifying and non-personally identifying information. Numerous federal, state and international laws address privacy, data protection and the collection, storing, sharing, use, disclosure and protection of personally identifiable information and other user data. Numerous states already have, and are looking to expand, data protection legislation requiring companies like ours to consider solutions to meet differing needs and expectations of creators and attendees. Outside the United States, personally identifiable information and other user data is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of information that is collected, processed and transmitted in or from the governing jurisdiction. Foreign data protection, privacy, information security, user protection and other laws and regulations are often more restrictive than those in the United States. In particular, the European Union and its member states traditionally have taken broader views as to types of data that are subject to privacy and data protection laws and regulations and have imposed greater legal obligations on companies in this regard. For example, in April 2016, European legislative bodies adopted the GDPR, which became effective on May 25, 2018. The GDPR applies to any company established in the European Union as well as to those outside of the European Union if they collect and use personal data in connection with the offering of goods or services to individuals in the European Union or the monitoring of their behavior. The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements and onerous new obligations on service providers. Non-compliance with the GDPR may result in monetary penalties of up to €20 million or 4% of annual worldwide revenue, whichever is higher. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of personal data could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions in which we operate. The European Commission is also currently negotiating a new ePrivacy Regulation that would address various matters, including provisions specifically aimed at the use of cookies to identify an individual's online behavior, and any such ePrivacy Regulation may provide for new compliance obligations and significant penalties. Any of these changes to European Union data protection law or its interpretation could disrupt and/or harm our business.

On June 23, 2016, the United Kingdom ("U.K.") held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit." This decision created an uncertain political and economic environment, especially in regard to regulation of data protection, in the U.K. and other European Union countries, and the formal process for leaving the European Union has taken years to complete. The U.K. formally left the European Union on January 31, 2020 and began a transition period which expired on December 31, 2020. In particular, while the U.K. has implemented legislation that implements and complements the GDPR, with penalties of noncompliance of up to the greater of £17.5 million or four percent of worldwide revenues, it is unclear how data transfers to and from the United Kingdom will be regulated. The interpretation and application of many privacy and data protection laws are, and will likely remain, uncertain, and it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or product features. Although player interaction on our platform is subject to our privacy policies, end user license agreements ("EULAs"), and terms of service, if we fail to comply with our posted privacy policies, EULAs, or terms of service, or if we fail to comply with existing privacy-related or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, impact our financial condition and/or harm our business.

In addition to government regulation, privacy advocacy and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us. Any inability to adequately address privacy, data protection and data security concerns or comply with applicable privacy, data protection or data security laws, regulations, policies and other obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and harm our business. Further, our failure, and/or the failure by the various third-party service providers and partners with which we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in the unauthorized release of personally identifiable information or other user data, or the perception that any such failure or compromise has occurred, could damage our reputation, result in a loss of creators or attendees, discourage potential creators and attendees from trying our platform and/or result in fines and/or proceedings by governmental agencies and/or users, any of which could have an adverse effect on our business, results of operations and financial condition. In addition, given the breadth and depth of changes in data protection obligations, ongoing compliance with evolving interpretation of the GDPR and other regulatory requirements requires time and resources and a review of the technology and systems currently in use against the requirements of GDPR and other regulations.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users.

Our interactive live streaming platform enables users and creators to exchange information and engage in various other online activities. Although we require our users and creators to register their real name, we do not require user identifications used and displayed while using the platform to contain any real-name information, and hence we are unable to verify the sources of all the information posted by our users and creators. In addition, because a majority of the communications on our online and in person platform is conducted in real time, we are unable to examine the content generated by users and creators before they are posted or streamed. Therefore, it is possible that users and creators may engage in illegal, obscene or incendiary conversations or activities, including publishing of inappropriate or illegal content that may be deemed unlawful. If any content on our platform is deemed illegal, obscene or incendiary, or if appropriate licenses and third-party consents have not been obtained, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of the information delivered on or otherwise accessed through our platform. Moreover, the costs of compliance may continue to increase when more content is made available on our platform as a result of our growing base of users and creators, which may adversely affect our results of operations.

Intensified government regulation of the Internet industry could restrict our ability to maintain or increase the level of traffic to our platform as well as our ability to capture other market opportunities.

The Internet industry is increasingly subject to strict scrutiny. New laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. We may not timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future. We also cannot assure you that we will be able to obtain the required licenses or approvals if we plan to expand into other Internet businesses. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, which may disrupt our business operations or derail our business strategy, and materially and adversely affect our business, financial condition and results of operations.

From time to time we may become involved in legal proceedings.

From time to time we may become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, disruptive to normal business operations and occupy a significant amount of our employees' time and attention. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, operating results, or financial condition.

Risks Related to Intellectual Property

We may be subject to claims of infringement of third-party intellectual property rights.

From time to time, third parties may claim that we have infringed their intellectual property rights. For example, patent holding companies may assert patent claims against us in which they seek to monetize patents they have purchased or otherwise obtained. Although we take steps to avoid knowingly violating the intellectual property rights of others, it is possible that third parties still may claim infringement.

Existing or future infringement claims against us, whether valid or not, may be expensive to defend and divert the attention of our employees from business operations. Such claims or litigation could require us to pay damages, royalties, legal fees and other costs. We also could be required to stop offering, distributing or supporting our platform, service offerings, or other features or services which incorporate the affected intellectual property rights, redesign products, features or services to avoid infringement, or obtain a license, all of which could be costly and harm our business.

In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing interactive entertainment software products and services, such as those offered on our platform or that we would like to offer in the future. We may discover that future opportunities to provide new and innovative services to users and creators may be precluded by existing patents that we are unable to license on reasonable terms.

Our technology, content and brands are subject to the threat of piracy, unauthorized copying and other forms of intellectual property infringement.

We regard our technology, content and brands as proprietary and take measures to protect our technology, content and brands and other confidential information from infringement. Piracy and other forms of unauthorized copying and use of our technology, content and brands are persistent, and policing is difficult. Further, the laws of some countries in which our products are or may be distributed either do not protect our intellectual property rights to the same extent as the laws of the United States or are poorly enforced. Legal protection of our rights may be ineffective in such countries. In addition, although we take steps to enforce and police our rights, factors such as the proliferation of technology designed to circumvent the protection measures used by our business partners or by us, the availability of broadband access to the Internet, the refusal of Internet service providers or platform holders to remove infringing content in certain instances, and the proliferation of online channels through which infringing product is distributed all have contributed to an expansion in unauthorized copying of our technology, content and brands.

Third parties may register trademarks or domain names or purchase internet search engine keywords that are similar to our registered trademark or pending trademarks, brands or websites, or misappropriate our data and copy our platform, all of which could cause confusion, divert users and creators away from our platform and service offerings, or harm our reputation.

Competitors and other third parties may purchase (i) trademarks that are similar to our trademarks and (ii) keywords that are confusingly similar to our brands or websites in Internet search engine advertising programs and in the header and text of the resulting sponsored links or advertisements in order to divert users and creators from us to their websites. Preventing such unauthorized use is inherently difficult. If we are unable to prevent such unauthorized use, competitors and other third parties may continue to drive potential users and creators away from our platform to competing, irrelevant or potentially offensive platforms, which could harm our reputation and cause us to lose revenue.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our registered trademark and pending trademarks, service marks, pending patents, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our proprietary rights.

We have invested significant resources to develop our own intellectual property and acquire licenses to use and distribute the intellectual property of others on our platform. Failure to maintain or protect these rights could harm our business. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

Policing unauthorized use of proprietary technology is difficult and expensive. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Further, we require every employee and consultant to execute proprietary information and invention agreements prior to commencing work. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

Our patent and trademark applications may not be granted and our patent and trademark rights, once patents are issued and trademarks are registered, may be contested, circumvented, invalidated or limited in scope, and our patent and trademark rights may not protect us effectively once issued and registered, respectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies and trademarks, which could have a material and adverse effect on our business operations, financial condition and results of operations.

Currently, we have one patent application pending, and 187 registered trademarks, along with certain licenses from game publishers to utilize their proprietary games. For our pending patent application, we cannot assure you that we will be granted patents pursuant to our pending applications as well as future patent applications we intend to file. Even if our patent applications succeed, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with sufficient protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others will bar us from licensing and from exploiting any patents that issue from our pending applications. Numerous U.S. and foreign issued patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our pending patent and trademark applications may also be challenged by others on the basis that they are otherwise invalid or unenforceable.

Risks Relating to our Indebtedness

We have a significant amount of fixed obligations and indebtedness and we have incurred, and may incur in the future, significant additional debt, that could impair our liquidity and thereby harm our business, results of operations and financial condition.

As of December 31, 2024, we have an aggregate principal amount of indebtedness of approximately $4.7 million, which consists of borrowings under (i) that certain Business Loan and Security Agreement with Agile Capital Funding, LLC, and Agile Lending, LLC (the “Agile Agreement”), (ii) that certain Note Purchase Agreement with a non-employee member of the board of directors of the Company (the “Director Agreement”), (iii) that certain unsecured promissory note issued by the Company to the Founders (as defined at Note 5, “Acquisitions” elsewhere herein) in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding and (iv) that certain Financing and Security Agreement with SLR Digital Finance, LLC (the “SLR Agreement”, and collectively with the Agile Agreement and Director Agreement, the “*Loan Agreements*”). In addition, we have entered into additional debt agreements as described at Note 12 to the consolidated financial statements.

Our ability to pay the fixed and other costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, market volatility, weakening or improvement in the U.S. economy, as well as general economic and political conditions and other factors that are beyond our control. From time to time and subject to market conditions and any applicable contractual requirements, we may refinance portions of our debt, including our debt maturing in 2025, which, at current interest rates and market conditions, may negatively impact our interest expense or result in higher dilution. The amount of our fixed obligations, our obligations under our other debt arrangements, and the related need to obtain financing could have a material adverse effect on our business, results of operations and financial condition and could:

- require a substantial portion of cash flow from operations for payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate or other expenses, or to refinance existing indebtedness;
- make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to have insufficient cash flows from operations to make our scheduled payments, increasing our vulnerability to downturns and adverse developments;
- reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with fewer fixed payment obligations or which are subject to fewer limitations or restrictions; and
- limit our ability to pay dividends and repurchase shares.

A failure to pay our debt and other fixed cost obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease or debt payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition.

Despite our current indebtedness levels, we may incur additional indebtedness in the future, which could further increase the risks associated with our leverage and exacerbate the risks described above, especially in the current interest rate environment.

We may be able to incur substantial additional indebtedness in the future, subject to compliance with certain covenants in the Loan Agreements. While our debt agreements do prohibit us from incurring additional unsecured indebtedness or certain secured indebtedness (subject to certain carve-outs as specified in the underlying agreements), our creditors can waive such prohibitions. If our creditors agree to waive such prohibitions and such additional indebtedness is incurred in the future, our debt service obligations will increase. The more leveraged we become, the more we will be exposed to the risks created by our current substantial indebtedness.

To the extent that the terms of our current or future debt agreements would prevent us from incurring additional indebtedness, we may be able to obtain amendments to those agreements that would allow us to incur such additional indebtedness, and such additional indebtedness could be material. Should we incur additional debt or such other obligations, the risks associated with our substantial debt described herein, including our possible inability to service and meet our debt or other obligations, would increase.

Changing interest rates may have unpredictable effects on markets, may result in heightened market volatility and may detract from our performance to the extent we are exposed to such interest rates and/or volatility. In periods of rising interest rates, such as the current interest rate environment, to the extent we borrow money subject to a floating interest rate, our operating costs would increase, which could reduce our net income.

For additional information, refer to Note 6, “Debt” elsewhere herein.

Restrictive covenants in our Loan Agreements may limit our financial and operating flexibility, which may adversely affect our business and liquidity. Furthermore, the Loan Agreements provide our lenders with a first-priority lien against substantially all of our assets which, in the event of a default, would adversely affect our results of operations

The Loan Agreements governing our indebtedness contain certain restrictions, which may have adverse effects on our business, financial condition or results of operations. Such restrictions include a number of covenants that limit our and our subsidiaries’ ability to, among other things, incur additional indebtedness, materially change our business, convey, sell, lease, transfer or dispose of the business or our property, except under certain circumstances, merge or consolidate with other companies or acquire other companies, create or incur liens, pay any dividends on our common stock, make certain investments and engage in certain other activities. As a result of these restrictions, we may be limited in how we conduct our business, in our ability to compete effectively or in our ability to implement changes or take advantage of business opportunities-including by making strategic acquisitions, investments or alliances, restructuring our organization or financing capital needs-that would be in our interest. We may also be unable to raise additional indebtedness or equity financing to operate during general economic or business downturns.

While we were in compliance with our debt covenants as of December 31, 2024, we may not be able to maintain compliance with the covenants in the future. A failure by us to comply with the covenants or payment requirements specified in the Loan Agreements could result in an event of default under the agreement, which would give the lender the right to declare any and all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lender would have the right to proceed against the collateral in which we granted a security interest to them, which consists of substantially all our assets. If the debt under our Loan Agreements were to be accelerated, we will likely not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which would adversely affect our cash flows, business, results of operations and financial condition. Further, the terms of any new or additional financing may be on terms that are more restrictive or on terms that are less desirable to us.

Any of the foregoing actions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

We have substantial indebtedness and may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy the obligations under our indebtedness, which may not be successful.

Our earnings and cash flow could vary significantly from year to year due to the nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and other commitments at that time. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt obligations. Many of these factors, such as access to capital, economic and financial conditions in our industry and the global economy and initiatives of our competitors, are beyond our control as discussed in this "*Risk Factors*" section. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

Payment of interest on, and repayment of principal of, our indebtedness is dependent in part on cash flow generated by our subsidiaries.

Payment of interest on, and repayment of, principal of our indebtedness will be dependent in part upon cash flow generated by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment, or otherwise. Our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness. In addition, any payment of interest, dividends, distributions, loans, or advances by our subsidiaries to us could be subject to restrictions on dividends or repatriation of distributions under applicable local law, monetary transfer restrictions, and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate or under arrangements with local partners. Furthermore, the ability of our subsidiaries to make such payments of interest, dividends, distributions, loans, or advances may be contested by taxing authorities in the relevant jurisdictions.

We may be unable to refinance our debt on terms favorable to us or at all, which would negatively impact our business and financial condition.

We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. While we may refinance all or some of our indebtedness before it matures, there can be no assurance that we will be able to refinance any maturing indebtedness, that such refinancing will be on terms as favorable to us as the terms of the maturing indebtedness or, if the indebtedness cannot be refinanced, that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on our maturing indebtedness. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. If we are unable to refinance our indebtedness at or before maturity or otherwise meet our payment obligations, our business and financial condition will be negatively impacted, and we may be in default under our indebtedness. Any default under our Loan Agreements would permit lenders to foreclose on our assets, which may also result in the acceleration of that indebtedness.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

Governance Risks and Risks Related to our Common Stock

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 shares 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 closing bid price of 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 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). 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.

The Company intends to monitor the closing bid price of its Common Stock. To regain compliance with Nasdaq Listing Rule 5550(a)(2), the closing bid price of the Company's Common Stock must be at least $1.00 per share for 10 consecutive business days during the 180-day period from January 2, 2025 to July 1, 2025. If the Company does not regain compliance with the minimum bid price requirement by July 1, 2025, Nasdaq may grant the Company a second 180-day period to regain compliance. To qualify for this additional 180-day compliance period, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, other than the minimum bid price requirement. In addition, the Company would also be required to notify Nasdaq of its intent to cure the minimum bid price deficiency by effecting a reverse stock split, if necessary. If the Company does not regain compliance within the allotted compliance periods, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that the Company's Common Stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel. To regain compliance with the Annual Meeting Rule, 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.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court's having personal jurisdiction over indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision. The forum selection clause in our amended and restated bylaws may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Because the applicability of the exclusive forum provision is limited to the extent permitted by law, we believe that the exclusive forum provision would not apply to suits brought to enforce any duty or liability created by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Securities Act of 1933, as amended (the "Securities Act"), any other claim for which the federal courts have exclusive jurisdiction or concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act. We note that there is uncertainty as to whether a court would enforce the provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Although our common stock is listed on the Nasdaq Capital Market, our shares are likely to be thinly traded for some time and an active market may never develop.

Although our common stock is listed on the Nasdaq Capital Market, it is likely that initially there will be a very limited trading market for our common stock, and we cannot ensure that a robust trading market will ever develop or be sustained. Our shares of common stock may be thinly traded, and the price, if traded, may not reflect our actual or perceived value. There can be no assurance that there will be an active market for our shares of common stock in the future. The market liquidity will be dependent on the perception of our operating business, competitive forces, state of the live stream and gaming industry, growth rate and becoming cash flow profitable on a sustainable basis, among other things. We may, in the future, take certain steps, including utilizing investor awareness campaigns, press releases, road shows, and conferences to increase awareness of our business and any steps that we might take to bring us to the awareness of investors may require we compensate financial public relations firms with cash and/or stock. There can be no assurance that there will be any awareness generated or the results of any efforts will result in any impact on our trading volume. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business and trading may be at an inflated price relative to the performance of our company due to, among other things, availability of sellers of our shares. If a market should develop, the price may be highly volatile. Because there may be a low price for our shares of common stock, many brokerage firms or clearing firms may not be willing to effect transactions in the securities or accept our shares for deposit in an account. Even if an investor finds a broker willing to effect a transaction in the shares of our common stock, the combination of brokerage commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of low-priced shares of common stock as collateral for any loans.

Our stock price may be volatile, and you could lose all or part of your investment.

The trading price of our common stock may fluctuate substantially and may be higher or lower than the initial public offering price. This may be especially true for companies with a small public float. The trading price of our common stock will depend on several factors, including those described in this "*Risk Factors*" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include:

- changes to our industry, including demand and regulations;
- we may not be able to compete successfully against current and future competitors;
- competitive pricing pressures;
- our ability to obtain working capital financing as required;
- additions or departures of key personnel;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship, sponsor or licensor;
- any major change in our management;
- changes in accounting standards, procedures, guidelines, interpretations or principals; and
- economic, geo-political and other external factors.

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, as well as general economic, political and market conditions such as recessions or interest rate changes, may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly. If the market price of our common stock after our offering does not exceed what you paid per share, you may not realize any return on your investment in us and may lose some or all of your investment.

In addition, in the past, following periods of volatility in the overall market and the market prices of particular companies' securities, securities class action litigations have often been instituted against these companies. Litigation of this type, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. Any adverse determination in any such litigation or any amounts paid to settle any such actual or threatened litigation could require that we make significant payments.

If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.

Any trading market for our common stock will be influenced in part by any research reports that securities industry analysts publish about us. We may not obtain any future research coverage by securities industry analysts. In the event we are covered by research analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage of us, the market price and market trading volume of our common stock could be negatively affected.

We have not paid cash dividends in the past and do not expect to pay cash dividends on our common stock in the future. Any return on investment will likely be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our Board may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Since we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, stock price appreciation, if any, will be your sole source of gain.

We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, appreciation, if any, in the market price of our common stock will be your sole source of gain for the foreseeable future.

Our issuance of additional shares of preferred stock could adversely affect the market value of our common stock, dilute the voting power of common stockholders and delay or prevent a change of control.

Our Board has the authority to cause us to issue, without any further vote or action by the stockholders, up to an additional 9,958,018 shares of preferred stock in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. As of March 28, 2025, we had the following shares of Preferred Stock outstanding: (i) zero shares of Series A Convertible Preferred Stock, par value $0.001 per share (the "Series A Preferred"); (ii) zero shares of Series A-2 Convertible Preferred Stock, par value $0.001 per share (the "Series A-2 Preferred"); (iii) zero shares of Series A-3 Convertible Preferred Stock, par value $0.001 per share (the "Series A-3 Preferred"); (iv) zero shares of Series A-4 Convertible Preferred Stock, par value $0.001 per share (the "Series A-4 Preferred"); (v) zero shares of Series A-5 Convertible Preferred Stock, par value $0.001 per share (the "Series A-5 Preferred"), (vi) 3,699 shares of Series AA Convertible Preferred Stock, par value $0.001 per share (the "Series AA Preferred"); (vii) zero shares of Series AA-2 Convertible Preferred Stock, par value $0.001 per share (the "Series AA-2 Preferred"); (viii) 25 shares of Series AA-3 Convertible Preferred Stock, par value $0.001 per share (the "Series AA-3 Preferred"); (ix) 500 shares of Series AA-4 Convertible Preferred Stock, par value $0.001 per share (the "Series AA-4 Preferred"); (x) 50 shares of Series AA-5 Convertible Preferred Stock, par value $0.001 per share (the "Series AA-5 Preferred"), (xi) 7,345 shares of Series AAA Convertible Preferred Stock, par value $0.001 per share (the "Series AAA Preferred"); and (xii) 3,148 shares of Series AAA-2 Convertible Preferred Stock, par value $0.001 per share (the "Series AAA-2 Preferred"); (xiii) 365 shares of Series AAA Junior Convertible Preferred Stock, par value $.001 per share (the "Series AAA JR Preferred"); (xiv) 441 shares of Series AAA-2 Junior Convertible Preferred Stock, par value $.001 per share (the "Series AAA-2 JR Preferred"); (xv) 697 shares of Series AAA-3 Junior Convertible Preferred Stock, par value $.001 per share (the "Series AAA-3 JR Preferred"); and (xvi) 399 shares of Series AAA-4 Junior Convertible Preferred Stock, par value $0.001 per share (the "Series AAA-4 JR Preferred", and, collectively with the Series A Preferred, Series A-2 Preferred, Series A-3 Preferred, Series A-4 Preferred, Series A-5 Preferred, Series AA Preferred, Series AA-2 Preferred, Series AA-3 Preferred, Series AA-4 Preferred, Series AA-5 Preferred, Series AAA Preferred, Series AAA-2 Preferred, Series AAA JR Preferred, Series AAA-2 JR Preferred, Series AAA-3 JR Preferred, and Series AAA-4 JR Preferred (the "Preferred Stock").

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

Further, the issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock. The issuance of shares of preferred stock may also have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

The holders of Preferred Stock are entitled to vote on an as-converted basis to common stock basis and have rights to approve certain actions.

From November 2022 to December 2024, we issued an aggregate of 41,982 shares of our Preferred Stock to a group of accredited investors (collectively, the "Investors"), pursuant to certain placement agency agreements.

The holders of our Preferred Stock are generally entitled to vote with the holders of our common stock on all matters submitted for a vote of our stockholders (voting together with the holders of common stock as one class) on an as-converted basis. Additionally, the consent of the holders of a majority of the outstanding shares of Preferred Stock are required in order for us to take certain actions, including issuances of securities that are senior to, or equal in priority with, the Preferred Stock. As a result, the holders of Preferred Stock may in the future have the ability to influence the outcome of certain matters affecting our governance and capitalization.

As of March 28, 2025, there were approximately 16,669 shares of our Preferred Stock outstanding, which are convertible without payment of additional consideration, into approximately 10.0 million shares of our common stock, subject to certain ownership limitations. The conversion of the outstanding shares of our Preferred Stock into common stock would be substantially dilutive to existing stockholders. Any dilution or potential dilution may cause our stockholders to sell their shares, which may contribute to a downward movement in the stock price of our common stock.

Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which would rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock.

In the future, we may attempt to increase our capital resources by offering debt securities. In the event of bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common stock. Moreover, if we issue preferred stock in the future, the holders of such preferred stock could be entitled to preferences over holders of common stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred securities in any future offering, or borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. Holders of our common stock must bear the risk that any such future offerings we conduct or borrowings we make may adversely affect the level of return they may be able to achieve from an investment in our common stock.

We are a "smaller reporting company" and we cannot be certain if the reduced reporting requirements applicable to smaller reporting companies will make an investment in us less attractive to investors. In particular, our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.

We are a "smaller reporting company" as defined in in Rule 12b-2 under the Exchange Act ("Rules 12b-2"). Rule 12b-2 defines a "smaller reporting company" as an issuer that is not an investment company, an asset-backed issuer or a majority-owned subsidiary of a parent that is not a smaller reporting company and that:

1. had a public float of less than $250 million; or

2. had annual revenues of less than $100 million during the most recently completed fiscal year for which audited financial statements are available and either had no public float or a public float of less than $700 million.

"Smaller reporting companies" are able to provide simplified executive compensation disclosures in their filings; are exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings, including, among other things, only being required to provide two years of audited financial statements in annual reports. To the extent we take advantage of some or all of the reduced reporting requirements applicable to smaller reporting companies, an investment in our company may be less attractive to investors.

Ineffective internal controls could have a material adverse effect on our business, financial conditions, and results of operations.

Our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, failure or interruption of information technology systems, the circumvention or overriding of controls, or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC could be adversely affected. This could cause our financial reporting to be unreliable and potentially result in a restatement of our financial statements, which in turn could lead to a loss of investor confidence and a decline in the trading price of our common stock, and could subject us to investigation or sanctions by the SEC. Any such consequence or other negative effect could have a material adverse effect on our business, financial condition, and results of operations.

We have granted, and may continue to grant, share incentive awards, which may result in increased share-based compensation expenses.

We adopted our Amended and Restated 2014 Stock Option and Incentive Plan (the "2014 Plan") in October 2014, for purposes of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We account for compensation costs for all share-based awards issued under the 2014 Plan using a fair-value based method and recognize expenses in our statements of comprehensive loss in accordance with GAAP. Under the 2014 Plan, we are authorized to grant options to purchase shares of common stock of our Company, restricted share units to receive shares of common stock and restricted shares of common stock. For Fiscal Year 2024 and Fiscal Year 2023, we recorded share-based compensation expense of $1.3 million and $2.7 million, respectively, primarily related to issuances and vesting of awards under the 2014 Plan.

We believe the granting of share incentive awards is important to our ability to attract and retain employees, and we will continue to grant share incentive awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Uncertainty in global economic conditions could negatively affect our business, results of operations and financial condition.

We have significant intangible assets recorded on our consolidated balance sheets as of December 31, 2023. We will continue to evaluate the recoverability of the carrying amount of our intangible assets on an ongoing basis, and we may incur substantial impairment charges, which would adversely affect our consolidated financial results. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result.

Risks Related to Artificial Intelligence and Machine Learning

Integration of artificial intelligence into our operations could result in reputational or competitive harm, legal liability, and other adverse effects on our business.

We have integrated, and plan to further integrate, AI in our operations. Such integration and use of AI may become more important in our operations over time. These AI-related initiatives, whether successful or not, could cause us to incur substantial costs and could result in delays in our product and service offerings. Our competitors or other third parties may incorporate AI into their products or operations more quickly or more successfully than we do, which could impair our ability to compete effectively. Additionally, AI algorithms may be flawed and datasets underlying AI algorithms may be insufficient or contain biased information. If the AI tools we use in our operations produce analyses or recommendations that are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be adversely affected. Other companies have experienced cybersecurity incidents that implicate confidential and proprietary company data and/or the personal data of end users of AI applications integrated into their product offerings or used in their operations. If we were to experience a cybersecurity incident related to our use of AI applications in our operations, our business and results of operations could be adversely affected. AI also presents various emerging legal, regulatory and ethical issues, and the use of AI applications in our operations could require us to expend significant resources in developing, testing and maintaining our product and service offerings and may cause us to experience brand, reputational, or competitive harm, or incur legal liability. On October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. These restrictions may make it harder for us to conduct our business using AI, lead to regulatory fines or penalties, require us to change our business practices, or prevent or limit our use of AI.

Issues in the use of AI or machine learning in our operations may result in reputational harm or liability.

Our employees and personnel may use AI, including generative AI, and machine learning ("ML", and collectively with AI, "AI/ML" technologies) technologies to perform their work. AI/ML is a potentially growing element of our business. The development and use of AI/ML present various privacy and security risks that may impact our business. AI/ML technologies are subject to privacy and data security laws, as well as increasing regulation and scrutiny. Several jurisdictions around the globe, including Europe and certain U.S. states, have proposed enacted, or are considering laws governing the development and use of AI/ML, such as the EU's AI Act. We expect other jurisdictions will adopt similar laws.

AI/ML models such as those used in our employees and personnel's performance of their work may create flawed, incomplete, or inaccurate outputs, some of which may appear correct. This may happen if the inputs that the model relied on were inaccurate, incomplete or flawed (including if a bad actor "poisons" the model with bad inputs or logic), or if the logic of the model is flawed (a so-called "hallucination"). We or our customers may also use AI/ML outputs to make certain decisions. Due to these potential inaccuracies or flaws, the model could be biased and could lead us or our customers to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits or decisions that are otherwise harmful. If such AI-based outputs are deemed to be biased or otherwise harmful, we could face adverse consequences, including exposure to reputational and competitive harm, customer loss, and legal liability. Additionally, any sensitive information (including confidential, competitive, proprietary, or personal data) that we input into our own or third-party generative AI/ML models or platforms could be leaked or disclosed to others. Where AI/ML models ingest personal data or other sensitive information and make connections using such data, those technologies may reveal other personal or sensitive information generated by the model.

Certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making in ways that may be incompatible with our use of AI/ML. These obligations may make it harder for us to conduct our business using AI/ML, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI/ML models, or prevent or limit our use of AI/ML technologies. For example, the FTC has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI/ML where they allege the company has violated privacy and consumer protection laws. If we cannot develop or use AI/ML or such activities are restricted, our business may be less efficient, or we may be at a competitive disadvantage. The use of AI/ML to assist us or our customers in making certain decisions may also be regulated by certain privacy laws. For additional information on risks that privacy and data protection obligations could pose to our business, see the Risk Factor titled "*The laws and regulations concerning data privacy are continually evolving. Failure to comply with these laws and regulations could harm our business.*"

We operate in an intensely competitive industry, and our competitors are developing products and solutions that incorporate AI and ML. We currently do not incorporate AI/ML into our products, which could adversely affect our business and profitability.

Our competitors may be larger, more diversified, better funded, and have access to more advanced technology, including AI and ML. These competitive advantages may enable our competition to innovate their products and solutions faster or better than we can, or to provide increased competition on quality and price, which could adversely affect our business and profitability. Burgeoning interest in AI/ML may increase competition and disrupt the Company's business model. AI/ML may lower barriers to entry in our industry and the Company may be unable to effectively compete with the products or services offered by new competitors. Changes to the products and services we offer related to AI and ML may affect customer expectations, requirements, or tastes in ways that the Company cannot adequately anticipate or adapt to, causing its business to lose revenues.

General Risk Factors

Catastrophic events may disrupt our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could harm our business. We have our headquarters in Santa Monica, California, an area which in recent years has been increasingly susceptible to fires, severe weather events, and power outages, any of which could disrupt our operations, and which contains active earthquake zones. In the event of a major earthquake, hurricane, or catastrophic event such as fire, power loss, rolling blackouts or power loss, telecommunications failure, pandemic, geopolitical conflict such as the Russian invasion of Ukraine and Hamas' attack against Israel and the ensuing war, cyber-attack, war, other physical security threats or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our service offering development, lengthy interruptions in our service offerings, breaches of security, and loss of critical data, all of which would harm our business, results of operations, and financial condition. Acts of terrorism and similar events would also cause disruptions to the internet or the economy as a whole. Global climate change could also result in natural disasters occurring more frequently or with more intense effects, which could cause business interruptions. The long-term effects of the COVID-19 pandemic and recovery from it on society and developer, creator, and user engagement remain uncertain, and a subsequent health crisis or pandemic, as well as the actions taken by various governmental, business and individuals in response, will impact our business, operations and financial results in ways that we may not be able to accurately predict. In addition, the insurance we maintain would likely not be adequate to cover our losses resulting from disasters or other business interruptions. Our disaster recovery plan may not be sufficient to address all aspects of any unanticipated consequence or incident, we may not be able to maintain business continuity at profitable levels or at all, and our insurance may not be sufficient to compensate us for the losses that could occur.

Changes in the state of the U.S. economy, such as rising inflation and a return to volatile or recessionary conditions in the United States or abroad, and volatile global economic conditions in general, could adversely affect our business or our access to capital markets in a material manner.

To date, our principal sources of capital used to fund our operations have been the net proceeds we received from sales of equity securities and proceeds received from the issuance of convertible debt, as described herein. 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 or debt financings, to fund our planned operations.

Accordingly, our results of operations and the implementation of our long-term business strategy could be adversely affected by general conditions in the global economy, including conditions that are outside of our control, such as the historically high levels of inflation recently experienced by the United States, Europe and other key global markets. If the inflation rate continues to increase, it will likely affect all of our expenses, including, but not limited to, employee compensation expenses and energy expenses and it may reduce consumer discretionary spending, which could affect the buying power of individuals to which our advertisers promote, developers, and creators and lead to a reduced demand for our service offerings.

Geopolitical developments, such as the war in Ukraine, Hamas' attack against Israel and the ensuing war, and tensions with China, and the responses by central banking authorities to control inflation, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Adverse macroeconomic conditions, including lower consumer confidence, persistent unemployment, wage and income stagnation, slower growth or recession, changes to fiscal and monetary policy, inflation, higher interest rates, currency fluctuations, economic and trade sanctions, the availability and cost of credit, and the strength of the economies in which we and our customers are located, have adversely affected and may continue to adversely affect our consolidated financial condition and results of operations. The most recent global financial crisis caused by COVID-19 resulted in extreme volatility and disruptions in the capital and credit markets. 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 capital from the capital markets. We could also be adversely affected by such factors as changes in foreign currency rates and weak economic and political conditions in each of the countries in which we operate.

Our business is subject to risks generally associated with the entertainment industry.

Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include the popularity, price to play, and timing of release of third-party and our own games and interactive content, economic conditions that adversely affect discretionary consumer spending, changes in user demographics, the availability and popularity of other forms of entertainment, and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We recognize the importance of cybersecurity risk management and have a defined strategy to support our business operations, platforms and information systems. We have implemented a comprehensive cybersecurity program to protect information systems and data. We have based our cybersecurity program on defined industry accepted frameworks with the goal of building enterprise resilience against an evolving cybersecurity threat landscape and to respond to cybersecurity threats as they materialize. Our program includes identification, assessment, monitoring, and management components, as well as informational and escalation components designed to inform management and the Board of prospective risks and developments.

Our cybersecurity program encompasses functions dedicated to both proactive and reactive management of cybersecurity threats. We implement our cybersecurity program internally through maintaining cybersecurity policies; deploying updated security technologies; and using third-party services and consultants to support and improve our cybersecurity program. Our proactive management of cybersecurity risks entails many actions, including actively monitoring our information technology systems; engaging service providers to monitor and, as appropriate, respond to cybersecurity threats; developing and updating incident response plans to address potential cybersecurity threats; and training our personnel on cybersecurity. We engage third-party auditors and consultants and leverage our internal information security, audit, and compliance functions to assess various facets of our cybersecurity program. We also maintain enterprise-wide processes to oversee and identify risks from cybersecurity threats associated with our use of third-party service providers.

We assess cybersecurity contingencies within our overall business continuity risk management planning process. Our information technology and information security teams utilize various technology tools to prevent, monitor, detect, and respond to cybersecurity threats. Our incident response policy outlines processes, roles, responsibilities, notifications, and other communications applicable to the assessment, mitigation, and remediation of realized cybersecurity events. The nature and scope of assessed risk of a realized cybersecurity event dictates the pace and extent of relevant processes, and communications, including an evaluation of any necessary or required disclosure. Depending on its nature and scope, a cybersecurity threat may be managed within our IT Department, responsible for day-to-day management of cybersecurity risks, and escalated to our executive management team, the Board, and the Audit Committee, as appropriate.

We have not historically been materially impacted by risks from cybersecurity threats and, as of the date of this Annual Report on Form 10-K, we are not aware of any cybersecurity risks that are reasonably likely to materially affect our business. However, the breadth and scope of cybersecurity threats have grown over time and our systems and networks may be the target of increasingly sophisticated cyberattacks. For more information on our cybersecurity risks and their potential impact to our business, see Item 1A, "*Risk Factors-Risks related to Our Business and Industry - We may experience security breaches and cyber threats*" and Item 1A, "*Risk Factors-Risks related to Our Business and Industry - Our business could be adversely affected if our data privacy and security practices are not adequate, or perceived as being inadequate, to prevent data breaches, or by the application of data privacy and security laws generally*."

Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (the "*Committee*") oversight of cybersecurity and other information technology risks. The Committee oversees management's implementation of our cybersecurity risk management program.

Our IT Department updates management on cybersecurity matters, including risk assessments, security controls, incident response procedures, employee training and Third-Party Risk Management.

The Committee oversees the Company's cybersecurity risk management and strategy, while management is responsible for implementing the Company's cybersecurity program. This approach ensures that cybersecurity risks are appropriately prioritized and managed throughout the organization.

Our Corporate Counsel has 20 years of experience in information technology, including cybersecurity, audit, compliance, and cybersecurity. In addition, we have an Enterprise IT Operations Engineer ("Ops Engineer") with requisite knowledge and experience in information technology and cybersecurity, and maintains IT and Ops professional certifications.

The Ops Engineer may call upon other business and legal stakeholders across our company to help manage cybersecurity threats and incidents. Our Audit Committee is responsible for oversight of our programs, policies, procedures, and risk management activities related to information security and data protection. The Audit Committee meets periodically with our Corporate Counsel and executive management to discuss threats, risks, and ongoing efforts to enhance cyber resiliency, as well as changes to the broader cybersecurity landscape. Our Board periodically participates in presentations on cybersecurity and information technology from internal leadership. In addition to periodic presentations, management promptly updates our Board and Audit Committee regarding significant threats and incidents as they arise.

ITEM 2. PROPERTIES

As of December 31, 2024 we maintain approximately 1,550 square feet of office space which is leased on a month-to-month basis at a rate of approximately $7,000 per month. We anticipate no difficulty in extending the leases of our facilities or obtaining comparable facilities in suitable locations, as needed, and we consider our facilities to be adequate for our current needs.

ITEM 3. LEGAL PROCEEDINGS

As of the date hereof, we are not a party to any material legal or administrative proceedings. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common stock is listed on the Nasdaq Capital Market under the ticker symbol "SLE."

As of March 31, 2025, we had 365 holders of record of our common stock based upon the records of our transfer agent, which do not include beneficial owners of common stock whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

Dividend Policy

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business. Therefore, we do not currently expect to pay any cash dividends on our common stock for the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board and will depend upon our results of operations, financial condition, capital requirements, general business conditions, and other factors that our Board deems relevant. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities.

Issuance of Common Stock as Dividends

During the years ended December 31, 2024 and 2023, we paid common stock dividends on outstanding preferred stock as disclosed at Note 7 to the financial statements contained elsewhere herein.

Recent Sales of Unregistered Equity Securities

No unregistered securities were issued during the years ended December 31, 2024 and 2023 that were not previously reported.

Performance Graph

As a smaller reporting company, we are not required to provide the performance graph required by Item 201(e) of Regulation S-K.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of our operations together with our consolidated financial statements and the notes thereto appearing elsewhere in this Report. This discussion contains forward-looking statements reflecting our current expectations, whose actual outcomes involve risks and uncertainties. Actual results and the timing of events may differ materially from those stated in or implied by these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and elsewhere in this Report. All references to "Note," followed by a number reference from one to twelve herein, refer to the applicable corresponding numbered footnotes to the consolidated financial statements contained elsewhere herein.

General

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.

Announced Infinite Reality Transaction

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

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

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

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

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

On March 28, 2025, the Company and Infinite Reality mutually agreed to terminate both the Binding Term Sheet and the iR Transactions contemplated thereby in their entirety.

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

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

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

On March 28, 2025, the Company and Infinite Reality mutually agreed to terminate both the Amended Exchange Agreement and the Exchange contemplated thereby in its entirety.

Bylaw Amendment

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

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

Reverse Stock Split and Name Change

On September 7, 2023, the Company filed a certificate of amendment to the Company's Second Amended and Restated Certificate of Incorporation, as Amended (the "Charter"), which became effective September 11, 2023, to change the name of the Company from Super League Gaming, Inc. to Super League Enterprise, Inc. (the "Name Change") and to effect a reverse stock split of the Company's issued and outstanding shares of common stock, par value $0.001 per share, at a ratio of 1-for-20 (the "Reverse Split"). The Name Change and the Reverse Split were approved by the Board on July 5, 2023, and approved by the stockholders of the Company on September 7, 2023. Refer to Note 7 for additional information regarding the Reverse Split.

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

Increase in Authorized Common Stock

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

In connection with the Name Change, the Company also changed its Nasdaq ticker symbol to "SLE" from "SLGG."

Matters Affecting Comparability

Impairment Charges. In the fourth quarter of 2023, we recorded a non-cash impairment charge related to our partner relationship related intangible assets, comprised primarily of our Microsoft Minecraft server and InPvP developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc., in June 2021. The 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 significant underperformance relative to expected historical or projected future operating results, and significant changes in the manner of our use of the acquired assets or the strategy in the context of our overall business. Due to underperformance relative to historical and projected future operating results and a decision to deploy resources in other areas of the business, we performed an impairment analysis and determined that the sum of the expected undiscounted future cash flows resulting from the use of the assets was less than the carrying amount of the assets, resulting in an impairment loss totaling $7.1 million, which is recorded in the accompanying consolidated statements of operations for Fiscal Year 2023.

Loss on intangible asset disposal. In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers. The assets were disposed of in connection with management's review of operations and decision to allocate resources elsewhere. As a result, the Company recorded a write-off of net developed technology related intangible assets acquired in connection with the acquisition of Bannerfy totaling $2.3 million, which is included in "Loss on intangible asset disposal" in the accompanying consolidated statements of operations for Fiscal Year 2023.

Executive Summary

Revenue for Fiscal Year 2024 and 2023 totaled $16.2 million and $25.1 million, respectively, reflecting a year over year decrease of 35%. The decrease in revenue for the periods presented reflected a mix of industry softness in ad sales, stemming from macro environmental factors including consumer spending softness, continued market education and adoption of immersive platforms as a marketing channel, structural shifts in platform ad ecosystems, the shift of certain revenues and program start delays to future periods by advertisers, and a reduction in Minehut related media sales revenues in connection with the sale of our Minehut digital property in the first quarter of 2024. Cost of revenue for Fiscal Year 2024 and 2023 was $10.1 million and $15.3 million, respectively, reflecting a year over year decrease of 34%, driven primarily by the related decrease in Fiscal Year 2024 revenues, compared to the prior year. As a percent of revenue, gross profit for Fiscal Year 2024 was 38%, relatively consistent with the 39% gross profit percentage for the prior year period.

Total operating expense for Fiscal Year 2024 decreased to $22.9 million, compared to $42.6 million in the comparable prior year period. Operating expense for Fiscal Year 2023 included aggregate noncash impairment and loss on intangible asset disposal charges totaling $9.3 million, and net contingent consideration charges of $1.1 million. Excluding the noncash impairment charges and net contingent consideration charges, the decrease in total operating expense reflects decreases in cloud services and other technology platform costs and decreases in personnel, marketing and other corporate costs, resulting from ongoing cost reduction and optimization activities. Excluding noncash stock compensation expense, amortization expense, intangible asset impairment charges, legal settlement charges and mark to market related fair value adjustments, operating expense for Fiscal Year 2024 was $18.2 million, compared to $25.1 million, reflecting a 27% reduction in operating expense, compared to Fiscal Year 2023.

Net loss for Fiscal Year 2024, which includes the impact of significant mark to market related credits as described below, and noncash stock compensation, and amortization, as summarized below, was $16.6 million or $(2.35) per share, compared to a net loss of $30.3 million, or $(13.67) per share, in the comparable prior year period. The calculation of net loss per share for Fiscal Year 2024 and 2023 included noncash common stock dividend and deemed dividend (Fiscal Year 2023 only) related direct charges to accumulated deficit totaling $4.4 million and $7.9 million, respectively, as described at Note 2. Excluding the impact of the noncash common stock dividend and deemed dividend related direct charges to accumulated deficit, net loss per share for Fiscal Year 2024 and 2023 was $(1.86) and $(10.84), respectively.

Sale of Minehut

On February 29, 2024, the Company sold its Minehut business unit (“Minehut”) to GamerSafer, Inc., a Delaware corporation (“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 for the sale of Minehut, which amount will be paid by GamerSafer in revenue and royalty sharing over a period of two years, 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 our cost improvement initiative. The two companies will maintain a commercial relationship which ensures that Minehut can remain an ongoing destination available to Super League’s partners.

Acquisition of Melon, Inc.

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

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

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

Additionally, pursuant to the Melon Purchase Agreement, the Company entered into employment agreements with two former key Melon employees (“Key Melon Employees”), pursuant to which the Key Melon Employees were granted inducement awards consisting of restricted stock unit awards (“RSUs”) to acquire an aggregate of 103,780 shares of its common stock as described at Note 5.

Meta Stadiums Collaboration

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

Common Sense Networks Initiative

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

GSTV Partnership

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

Chartis Partnership

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

Roblox Partner Program

On August 2, 2023, we announced that Super League joined the Roblox (NYSE: RBLX) Partner Program. As an early mover in building and distributing creative and impactful programs for brands, in partnership with hundreds of top Roblox developers, joining the Roblox Partner Program will allow Super League to elevate its offerings to include the official Roblox advertising system with Immersive Ads. The added capabilities augment Super League's powerful end-to-end, innovative solutions, enabling brands to reach the highly engaged audience on Roblox, a global immersive platform where over 66 million people connect and communicate daily.

Super League was an early mover in the space, enabling extensive third-party distribution for brands on Roblox by providing hundreds of developers in the community with measurement, monetization, and optimization tools. Through the Roblox Partner Program, Super League is evolving its offering by repurposing its previous ad network to focus on Roblox's Immersive Ads product to enable brands to reach audiences at scale. Super League will be integrating Roblox's Immersive Ads into its growing suite of cross-platform offerings and capabilities inclusive of experience creation, promotion, distribution, and monetization:

- Highly immersive ad formats for the official Roblox advertising system;
- Bespoke brand integrations into popular experiences;
- Proprietary Pop-Up Shops, interactive characters, and integrated content products;
- First-to-market home grown solution to turn digital in-experience codes into real-world physical redemptions;
- Robust influencer marketing programs;
- In-experience brand lift studies;
- Expert video content creation for Tik Tok, YouTube, and more; and
- Metaverse strategy & innovation consulting.

Super League's inclusion in the Roblox Partner Program, combined with its longstanding dedication to supporting hundreds of Roblox developers with software to help manage and grow their businesses, creates an unparalleled opportunity to achieve massive reach and powerful results for brands. Immediate benefits of being part of the program include access to educational resources and training, along with comprehensive tools, collateral, and insights for brand onboarding and education.

Equity Financings

Convertible Preferred Stock Issuances

- *Series AAA Junior Convertible Preferred Financing*

  On the dates set forth in the applicable table below, we entered into subscription agreements with accredited investors in connection with the sale of an aggregate of 2,857 shares of newly designated Series AAA Junior, AAA-2 Junior, AAA-3 Junior and AAA-4 Junior Convertible Preferred Stock, each series having a $0.001 par value and a $1,000 purchase price, hereinafter collectively referred to as "Series AAA Junior Preferred," and the individual offerings of Series AAA Junior Preferred stock, hereinafter collectively referred to as the "Series AAA Junior Offerings", raising gross proceeds of $2.9 million, before fees.

- *Series AAA Convertible Preferred Financing*

  On the dates set forth in the applicable table below, we entered into subscription agreements with accredited investors in connection with the sale of an aggregate of 8,355 shares of newly designated Series AAA and AAA-2 Convertible Preferred Stock, each series having a $0.001 par value and a $1,000 purchase price, hereinafter collectively referred to as "Series AAA Preferred," and the individual offerings of Series AAA Preferred stock, hereinafter collectively referred to as the "Series AAA Offerings", raising gross proceeds of $8.4 million, before fees.

- *Series AA Convertible Preferred Financing*

  On the dates set forth in the applicable table below, we entered into subscription agreements with accredited investors in connection with the sale of an aggregate of 11,781 shares of newly designated Series AA, AA-2, AA-3, AA-4 and AA-5 Convertible Preferred Stock, each series having a $0.001 par value and a $1,000 purchase price, hereinafter collectively referred to as "Series AA Preferred," and the individual offerings of Series AA Preferred stock hereinafter collectively referred to as the "Series AA Offerings", raising gross proceeds of $11.8 million, before fees.

- *Series A Convertible Preferred Financing*

  On the dates set forth in the applicable table below, we entered into subscription agreements with accredited investors in connection with the sale of an aggregate of 12,622 shares of newly designated Series A, A-2, A-3, A-4 and A-5 Convertible Preferred Stock, each series having a $0.001 par value and a $1,000 purchase price, hereinafter collectively referred to as "Series A Preferred," and the individual offerings of Series A Preferred stock, hereinafter, collectively referred to as the "Series A Offerings", raising gross proceeds of $12.6 million, before fees.

In connection with the Series A Offerings, Series AA Offerings, Series AAA Offerings and Series AAA Junior Offerings (collectively, the "Preferred Offerings"), the Company filed Certificates of Designation of Preferences, Rights and Limitations of the respective series stock with the State of Delaware. Use of net proceeds from the Preferred Offerings for the periods presented included working capital, repayment of certain indebtedness and general corporate purposes, including sales and marketing activities and product development.

The Company undertook the Preferred Offerings pursuant to certain placement agency agreements (collectively, the "Placement Agency Agreements") with Aegis Capital Corporation, a New York corporation and registered broker-dealer and member of the Financial Industry Regulatory Authority (the "Placement Agent"), which acted as the Company's exclusive placement agent for the Offerings. Pursuant to the terms of the Placement Agency Agreements, in connection with the closings of the Offerings, the Company paid the Placement Agent aggregate cash fees, and non-accountable expense allowances as disclosed in the applicable tables below, and issued to the Placement Agent or its designees warrants to purchase shares of common stock as disclosed in the tables below, at the conversion prices disclosed below. Refer to Liquidity and Capital Resources, below, and Note 7 for additional information.

Common Stock Issuances

On October 24, 2024, the Company entered into a securities purchase agreement with an accredited investor for the registered direct offering of an aggregate of 1,136,364 shares of the Company's common stock, par value $0.001 per share (the "Shares"), at a purchase price of $0.88 per Share. The registered direct offering closed on October 25, 2024 and resulted in gross proceeds to the Company of approximately $1.0 million. The Shares were offered by the Company pursuant to a prospectus supplement to the Company's then effective shelf Registration Statement on Form S-3, which was declared effective by the U.S. Securities and Exchange Commission on November 16, 2021 (File No. 333-259347). The Company filed a final prospectus supplement in connection with the Registered Direct Offering on October 25, 2024.

On August 21, 2023, we entered into an underwriting agreement (the "Underwriting Agreement") with Aegis Capital Corp. (the "Underwriter"), relating to the Company's public offering (the "Common Stock Offering") of 778,653 shares of its common stock, and pre-funded warrants to purchase 67,500 shares of the Company's common stock, in lieu of the Company's common stock (the "Pre-Funded Warrants", and collectively with the Shares, the "Firm Securities") to certain investors. On August 23, 2023, the Company issued the Firm Securities and closed the Offering at a public price of $2.60 per share, and $2.58 per share underlying each Pre-Funded Warrant, for net proceeds to the Company of approximately $1.8 million after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. Use of net proceeds from the Common Stock Offering for the periods presented included working capital and general corporate purposes, including sales and marketing activities and product development. The Firm Securities were offered, issued, and sold pursuant to a prospectus supplement and accompanying prospectus filed with the Securities and Exchange Commission (the "SEC") pursuant to an effective shelf registration statement filed with the SEC on Form S-3 (File No. 333-259347) (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), as supplemented by a prospectus supplement, dated August 23, 2023, relating to the Securities (together with the accompanying base prospectus, dated September 7, 2021, the "Prospectus Supplement"), filed with the SEC pursuant to Rule 424(b) of the Securities Act on August 23, 2023. Refer to "Liquidity and Capital Resources" and Note 7 below for additional information.

Debt Financings

Agile Promissory Note

On November 8, 2024 (the “Agile Effective Date”), the Company entered into a loan agreement with Agile Capital Funding, LLC, as collateral agent (“Agile”)(“ the Agile 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 Note”). Pursuant to the Agile Loan Agreement: (i) the Agile Note matures 28 weeks from the Agile Effective Date; (ii) carries an aggregate total interest payment of approximately $0.78 million (the “Applicable Rate”), and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent. The Company is required to repay all the obligations due under the Agile Loan Agreement and the Agile Note in 28 equal payments of $93,821, with the first payment being made to Agile on November 14, 2024, and every seven days thereafter until the Maturity Date. The proceeds received from the Agile Note were utilized to fund general working capital needs.

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

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

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

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

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 the Collateral Agent and 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 Loan Agreement), interest shall accrue at a fixed per annum rate equal to the applicable rate plus five percent. The Company is required to repay all the obligations due under the Agile 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. In connection with entering into the Agile 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. $1.5 million of the Agile II Note was used to repay the remaining balance under the Agile Note, with net proceeds to the Company of approximately $875,000.

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.

1800 Diagonal Lending, LLC

On March 26, 2025 (the "Diagonal Effective Date"), the Company and 1800 Diagonal Lending, LLC, a Virginia limited liability company, or registered assigns ("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) interest begins to accrue 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 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 that is enumerated in Section 3.2 of the Diagonal Note, 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 not enumerated in Section 3.2 of the Diagonal Note, 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 Sections 1.3 and 1.4(g) of 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 was issued with an Original Issue Discount of 4.75% (the "OID"), with net proceeds to the Company of $278,500 after giving deducting the OID, reimbursement of Diagonal's expenses in an amount equal to $7,000, and other estimated offering expenses. The Company intends to use the net proceeds from the offering for working capital and general corporate purposes. Refer to Note 6 to the consolidated financial statements.

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 assigns ("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 will 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. 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 $0.35. 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 intends to utilize the proceeds from the sale of the Belleau Notes for working capital and general corporate purposes. The initial Belleau Note was issued without registration under the Securities Act, based on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. The two remaining Belleau Notes, along with the shares of the Company's Common Stock payable as interest pursuant to the Belleau Notes, when issued according to the Belleau Purchase Agreement, will be issued without registration under the Securities Act, based on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. Belleau represented that it is an accredited investor, as defined in Rule 501(d) of the Securities Act, and that it has, and will continue to, acquire the applicable securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof.

Compliance with NASDAQ Listing Rule 5550(a)(2) and 5620(a)

On January 2, 2025, the Company received a letter (the "*Bid Price Letter*") from the Listing Qualifications Staff of The Nasdaq Stock Market, LLC ("*Nasdaq*") indicating that, based upon the closing bid price of the Company's common stock, par value $0.001 per share ("*Common Stock*"), for the last 30 consecutive business days, the Company is not 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).

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. The Bid Price Letter and the Annual Meeting Letter have no immediate effect on the listing of the Company's Common Stock on The Nasdaq Capital Market.

The Company intends to monitor the closing bid price of its Common Stock. To regain compliance with Nasdaq Listing Rule 5550(a)(2), the closing bid price of the Company's Common Stock must be at least $1.00 per share for 10 consecutive business days during the 180-day period from January 2, 2025 to July 1, 2025. If the Company does not regain compliance with the minimum bid price requirement by July 1, 2025, Nasdaq may grant the Company a second 180-day period to regain compliance. To qualify for this additional 180-day compliance period, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, other than the minimum bid price requirement. In addition, the Company would also be required to notify Nasdaq of its intent to cure the minimum bid price deficiency by effecting a reverse stock split, if necessary. If the Company does not regain compliance within the allotted compliance periods, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that the Company's Common Stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel.

On February 17, 2025, the Company submitted its plan to regain compliance to Nasdaq (the "Plan"). As of the date of this Report, the Company has not received a response from Nasdaq as to whether the Plan has been approved and there is no guaranty that Nasdaq will accept our Plan. See Item 1A, *"Risk Factors- Governance Risks and Risks Related to our Common Stock - 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."*

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.

Results of Operations for the Fiscal Years Ended December 31, 2024 and 2023

We derived the financial data as of and for the Fiscal Years 2024 and 2023, set forth below, from our audited consolidated financial statements included elsewhere herein, and should be read in conjunction with those audited consolidated financial statements and related notes thereto, as well as the information found under this section. Our historical results are not necessarily indicative of the results to be expected in future periods.

The following table sets forth a summary of our results of operations for Fiscal Years 2024 and 2023:

	Fiscal Year Ended December 31,		Change	
	2024	2023	$	%
REVENUE	$ 16,182,000	$ 25,079,000	$ (8,897,000)	(35)%
COST OF REVENUE	10,080,000	15,297,000	(5,217,000)	(34)%
GROSS PROFIT	6,102,000	9,782,000	(3,680,000)	(38)%
OPERATING EXPENSE				
Selling, marketing and advertising	9,822,000	12,450,000	(2,628,000)	(21)%
Engineering, technology and development	4,447,000	9,500,000	(5,053,000)	(53)%
General and administrative	8,731,000	10,258,000	(1,527,000)	(15)%
Contingent consideration	(144,000)	1,075,000	(1,219,000)	(113)%
Loss on intangible asset disposal	-	9,336,000	(9,336,000)	(100)%
Total operating expense	22,856,000	42,619,000	(19,763,000)	(46)%
NET LOSS FROM OPERATIONS	(16,754,000)	(32,837,000)	(16,083,000)	(49)%
OTHER INCOME (EXPENSE), NET	280,000	2,194,000	(1,914,000)	(87)%
Loss before (provision for) benefit from income taxes	(16,474,000)	(30,643,000)	(14,169,000)	(46)%
(Provision for) benefit from income taxes	(161,000)	313,000	(474,000)	(151)%
NET LOSS	$ (16,635,000)	$ (30,330,000)	$ (13,695,000)	(45)%

Comparison of the Results of Operations for the Fiscal Years Ended December 31, 2024 and 2023

Revenue

	Fiscal Year Ended December 31,		Change	
	2024	2023	$	%
Media and advertising	$ 6,696,000	$ 10,919,000	$ (4,223,000)	(39)%
Publishing and content studio	8,607,000	12,732,000	(4,125,000	(32)%
Direct to consumer	879,000	1,428,000	(549,000)	(38)%
	$ 16,182,000	$ 25,079,000	$ (8,897,000)	(35)%

	Fiscal Year	
	2024	2023
Number of customers > 10% of revenue / percent of revenue	Two / 20%	One / 14%
By revenue category:		
Advertising and sponsorships	One / 10%	One / 3%
Publishing and content studio	One / 10%	One / 11%

- Total revenue decreased $8.9 million, or 35% to $16.2 million, compared to $25.1 million in the comparable prior year period. The decrease in revenue for the periods presented reflected a mix of industry softness in ad sales, stemming from macro environmental factors including consumer spending softness, continued market education and adoption of immersive platforms as a marketing channel, structural shifts in platform ad ecosystems, the shift of certain revenues and program start delays to future periods by advertisers, and a reduction in Minehut related media sales revenues in connection with the sale of our Minehut digital property in the first quarter of 2024.

- Media and advertising revenue decreased $4.2 million, or 39%, to $6.7 million, compared to $10.9 million in the comparable prior year period. The change reflected a $3.2 million decrease in on-platform related media sales revenue and a $1.2 million decrease in influencer marketing revenue, partially offset by a $162,000 increase in off-platform related media sales revenue. The decrease in on-platform related media revenue reflects the impact of the sale of our Minehut Assets discussed above. Minehut related media sales for Fiscal year 2024 and 2023 totaled $1.0 million and $1.2 million, respectively.

- Publishing and content studio revenue decreased $4.1 million, or 32%, to $8.6 million, compared to $12.7 million in the comparable prior year period. Revenue for Fiscal Year 2023 included a significant custom game development project for a customer totaling approximately $2.7 million. Publishing and content studio revenue for Fiscal Year 2024 included custom game development and immersive experience related revenues for the International Olympic Committee (“IOC”), Google, Inc., Visa, Inc., Maybelline, Claire’s, Kraft Lunchables, Skechers, The Lego Group, DreamWorks: The Wild Robot, Avid Technology, Universal Pictures, American Heart Association, American Egg Board, Bandi Namco Entertainment America Inc, Lionsgate Ancillary LLC, Logitech Inc., and Paramount Global/Viacom CBS Inc., among others. Publishing and content studio revenues for Fiscal Year 2023 included revenues for immersive experiences for Kraft Lunchables, Lego, Dave & Busters, Proctor & Gamble, Yas Island, Hamiliton, Arm & Hammer, Universal Pictures, “Trolls Band Together,” Universal Pictures, “Migration”, Canon and Motorola Solutions.

- Direct to consumer revenue decreased $549,000, or 38%, to $879,000, compared to $1.4 million in the comparable prior year period. The decrease primarily reflects the impact of the sale of our Minehut Assets in the first quarter of 2024, which prior to the sale, generated direct to consumer Minecraft server related subscription revenues for the Company. Minehut direct to consumer related revenues for Fiscal year 2024 and 2023 totaled $140,000 and $576,000, respectively.

Cost of Revenues

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 immersive digital experiences, media and advertising campaigns and publishing and content studio sales activities occurring each period.

Cost of revenue decreased $5.2 million, or 34%, driven primarily by the 35% decrease in related revenues for the fiscal year periods presented.

Operating Expense

	Fiscal Year Ended December 31,		Change	
	2024	2023	$	%
Selling, marketing and advertising	$ 9,822,000	$ 12,450,000	$ (2,628,000)	(21)%
Engineering, technology and development	4,447,000	9,500,000	(5,053,000)	(53)%
General and administrative	8,731,000	10,258,000	(1,527,000)	(15)%
Contingent consideration	(144,000)	1,075,000	(1,219,000)	(113)%
Loss on intangible asset disposal	-	2,284,000	(2,284,000)	(100)%
Impairment of intangible assets and goodwill	-	7,052,000	(7,052,000)	(100)%
Total operating expense	$ 22,856,000	$ 42,619,000	$ (19,763,000)	(46)%

Noncash Stock-Based Compensation Expense

Noncash stock-based compensation expense for the periods presented was included in the following operating expense line items:

	Fiscal Year Ended December 31,		Change	
	2024	2023	$	%
Selling, marketing and advertising	$ 488,000	$ 879,000	$ (391,000)	(44)%
Engineering, technology and development	30,000	219,000	(189,000)	(86)%
General and administrative	771,000	1,637,000	(866,000)	(53)%
Total noncash stock-based compensation expense	$ 1,289,000	$ 2,735,000	$ (1,446,000)	(53)%

- The net decrease in noncash stock compensation expense was primarily due to a $495,000 reduction in noncash stock compensation expense due to the Executive Grant Modifications and Employee Grant Modifications described below, including accelerated vesting due to partial vesting of a portion of the replacement grants in the prior year period, a $248,000, decrease due to net reductions in headcount in the current and prior year period, and a $444,000 reduction in connection with the granting of the Modified PSUs, with accelerated amortization in the prior year period, due to the market based vesting conditions and use of a Monte Carlo simulation model and lower grant date fair values reflecting lower stock prices on the applicable grant date, compared to the Original PSUs expensed in the prior year period. The overall reduction in noncash stock compensation expense also reflects the decrease in the average grant date fair values for equity awards expensed during Fiscal Year 2024, compared to Fiscal Year 2023.

Modifications to Equity-Based Awards

- On January 1, 2022, the Company issued 67,500 performance stock units (“Original PSUs”) under the Company’s 2014 Amended and Restated Stock Option and Incentive Plan, which vest in five equal increments of 13,500 PSUs, based on satisfaction of certain market based vesting conditions. The Original PSUs were fully expensed as of June 30, 2023. Noncash stock compensation expense related to the Original PSUs totaled $0 and $299,000 for the years ended December 31, 2024 and 2023, respectively.

- On April 30, 2023, the Board approved the cancellation of the 67,500 Original PSUs previously granted to certain executives (four plan participants in total) under the 2014 Plan (as described above). In exchange for the cancelled Original PSUs, the executives were granted an aggregate of 67,500 PSUs, which vest, over a five-year term, upon the Company’s common stock achieving certain VWAP goals as described at Note 8, elsewhere herein (“Modified PSUs”). Total incremental compensation cost related to the Modified PSUs totaled $540,000 which is recognized prospectively over the implied service period, ranging from .69 years to 1.5 years, calculated in connection with the Monte Carlo simulation model used to determine the fair value of the equity awards immediately before and after the modifications. Net noncash stock compensation expense related to the Modified PSUs totaled $130,000 and $351,000 for the years ended December 31, 2024 and 2023, respectively.

- On April 30, 2023, the Board approved the cancellation of certain stock options to purchase an aggregate of 58,951 shares of the Company's common stock previously granted to certain executives and employees (six plan participants in total) under the Company's 2014 Amended and Restated Employee Stock Option and Incentive Plan (the "2014 Plan"), with an average exercise price of approximately $56.40. In addition, the Board approved the cancellation of certain warrants to purchase an aggregate of 26,100 shares of the Company's common stock previously granted to certain executives and employees, with an average exercise price of approximately $199.80. In exchange for the cancelled options and warrants, certain executives and employees were granted options to purchase an aggregate of 305,000 shares of common stock under the 2014 Plan, at an exercise price of $9.80 (the closing price of the Company's common stock as listed on the Nasdaq Capital Market on April 28, 2023, the last trading day before the approval of the awards), with one-third of the options vesting on the April 30, 2023, the grant date, with the remainder vesting monthly over the thirty-six month period thereafter, subject to continued service ("Executive Grant Modifications") (collectively, "Modified Executive Grants"). The grant and exercise of the Modified Executive Grants was contingent upon the Company receiving approval from its stockholders to increase the number of shares available under the 2014 Plan, which was obtained in connection with the Company's 2023 annual shareholder meeting in September 2023. As such, the grant date and the commencement of noncash stock compensation amortization for the Modified Executive Grants was September 7, 2023. Total incremental compensation cost related to the Modified Executive Grants totaled $347,000, $112,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $235,000 related to unvested awards which is recognized prospectively over the remaining service period of 3 years. Net noncash stock compensation expense related to the Modified Executive Grants totaled $221,000 and $573,000 for the years ended December 31, 2024 and 2023, respectively.

- On May 1, 2023, the Board approved the cancellation of options to purchase an aggregate of 29,224 shares of the Company's common stock previously granted to its employees (68 plan participants in total) under the 2014 Plan, in exchange for newly issued options to purchase an aggregate of 63,900 shares of the Company's common stock under the 2014 Plan, at an exercise price equal to the closing trading price on May 1, 2023, or $9.81, with a range of zero to one-third of the options vesting on the May 1, 2023, the grant date, dependent upon the tenure of the employee, and the remainder vesting monthly over the forty-eight month period thereafter, subject to continued service ("Employee Grant Modifications")(collectively, "Modified Employee Grants"). Unrecognized compensation expense related to the original award as of the date of the Employee Grant Modifications totaled $960,000 which is recognized prospectively over the remaining service period of 4 years. Total incremental compensation cost related to the Modified Employee Grants totaled $449,000, $101,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $348,000 related to unvested awards which is recognized prospectively over the remaining service period of 4 years. Net noncash stock compensation expense related to the Modified Employee Grants totaled $158,000 and $300,000 for the years ended December 31, 2024 and 2023, respectively.

Intangible Asset Amortization Expense

Intangible asset amortization expense for the periods presented was included in the following operating expense line items:

	Fiscal Year Ended December 31,		Change	
	2024	**2023**	**$**	**%**
Sales, marketing and advertising	$ 773,000	$ 2,125,000	$ (1,352,000)	(64)%
Engineering, technology and development	1,070,000	2,331,000	(1,261,000)	(54)%
General and administrative	701,000	782,000	(81,000)	(10)%
Total amortization expense	$ 2,544,000	$ 5,238,000	$ (2,694,000)	(51)%

The net decrease in amortization expense was primarily due to a $7.1 million write-down of our partner relationship related intangible assets in the fourth quarter of Fiscal Year 2023, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc. in June 2021. The write-down resulted in a $7.1 million decrease in the carrying value of the related intangible assets as of December 31, 2023, and a corresponding decrease in scheduled future quarterly and annual amortization expense for the remaining carrying value of the applicable intangible assets, commencing in the first quarter of 2024 (remaining carrying value totaled $860,000 as of December 31, 2023). Amortization expense related to our partner relationship related intangible assets, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets, for the years ended December 31, 2024 and 2023 totaled $200,000 and $2,009,000, respectively.

In addition, as described above, the Company sold its Minehut related assets to GamerSafer, Inc., with a carrying value of $475,000 as of February 26, 2024, the date of sale, resulting in a net decrease in related amortization expense for Fiscal Year 2024. Minehut asset related amortization expense totaled $86,000 and $682,000 for the years ended December 31, 2024 and 2023, respectively.

In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers. The assets were disposed of in connection with management's review of operations and decision to allocate resources elsewhere. As a result, in the second quarter of 2023, the Company recorded a write-off of net developed technology related intangible assets acquired in connection with the acquisition of Bannerfy totaling $2,284,000. Amortization expense for the disposed Bannerfy related intangible assets for the years ended December 31, 2024 and 2023 totaled $0 and $201,000, respectively.

Selling, Marketing and Advertising

Selling, marketing and advertising expense decreased $2.6 million or 21%, primarily due a $1.4 million, or 64% reduction in amortization expense related to the write-down of our partner relationship related intangible assets as described above, an $874,000, or 63% decrease in sales commission and performance based compensation primarily due to the related decrease in revenues for the periods presented, and a $391,000, or 44% net decrease in selling and marketing personnel related noncash stock compensation expense as described above.

Engineering, Technology and Development

For the periods presented, 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.

Engineering, technology and development costs decreased $5.1 million, or 53%, driven primarily by the following:

- Decrease in cloud services and other technology platform costs totaling $1.6 million, or 67%, and a decrease in product and engineering personnel and noncash stock compensation expense totaling $2.0 million, or 48%, and $189,000, or 86%, respectively, reflecting the impact of related personnel and other cost reduction activities, including the sale of our Minehut assets.

- Decrease in developed technology related intangible asset amortization expense totaling $1.3 million, or 54% resulting primarily from the write-down of our Microsoft Minecraft Server, InPvP developed technology and Bannerfy technology related intangible assets, respectively, during Fiscal Year 2023, as described above.

General and Administrative

General and administrative expense for the periods presented was comprised of the following:

	Fiscal Year Ended December 31,		Change	
	2024	2023	$	%
Personnel costs	$ 1,805,000	$ 2,605,000	$ (800,000)	(31)%
Office and facilities	179,000	202,000	(23,000)	(11)%
Professional fees	1,016,000	798,000	218,000	27%
Stock-based compensation	771,000	1,638,000	(867,000)	(53)%
Depreciation and amortization	770,000	866,000	(96,000)	(11)%
Other	4,190,000	4,149,000	41,000	1%
Total general and administrative expense	$ 8,731,000	$ 10,258,000	$ (1,527,000)	(15)%

The net decrease in general and administrative expense for the periods presented was primarily due to the following:

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

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

- Noncash stock compensation expense included in general and administrative expense decreased primarily due to a $244,000 net reduction in noncash stock compensation expense in connection with the Executive Grant Modification described above, and a $204,000 net reduction due to reductions in headcount and equity awards granted in prior periods that where fully vested during Fiscal Year 2024 or prior, with higher average grant date fair values than equity awards granted and included in expense subsequent to December 31, 2023. The decrease also reflects a $359,000 net reduction in noncash stock compensation expense in connection with the Original PSUs, with an estimated average grant date fair value of $36.16, and which were fully expensed as of September 30, 2023, and the Modified PSUs, with an average grant date fair value of $8.00 and are amortized on an accelerated basis over the implied service period due to the utilization of a Monte Carlo simulation model to determine the estimated fair value of the equity-based award.

- Other expense for Fiscal Year 2024 included noncash legal settlement expense incurred in connection with the Pioneer Settlement, described at Note 10 to the Financial Statements accompanying this Report, comprised of $516,000 of noncash expense in connection with the issuance of 550,000 shares of common stock to Pioneer; the noncash incremental fair value totaling $283,000, related to Pioneer and other AA AIRs (see Note 7 to the Financial Statements accompanying this Report), which were modified to include a reduction in exercise price and an extension of the exercise term, as described at Note 7; and a $164,000 noncash legal settlement charge related to the adjustment of the estimated fair value (i.e. mark-to-market), as of the issuance date, for common stock issued pursuant to the Note Holder Settlement Agreement, as described at Note 10. The increase was partially offset by a reduction in information technology, insurance and other corporate costs in connection with ongoing cost reduction activities.

  Other expense for Fiscal Year 2023 included noncash legal settlement expense incurred in connection with the settlement of matters involving the Note Holders (as defined at Note 6) related to certain claims arising from an interpretation of certain rights that the Note Holders had pursuant to the terms of the SPA (as defined at Note 6). On March 12, 2024, the Company and the Note Holders (the "Parties") executed a Mutual General Release and Settlement Agreement (the "Settlement Agreement") settling all claims between the Parties with respect to the SPA. In consideration for the Settlement Agreement, the Company agreed to issue an aggregate amount of 500,000 shares of common stock (the "Settlement Payment"). The Company accrued the fair value of the Settlement Payment as of December 31, 2023, resulting in a noncash settlement charge of $760,000 which is included in general and administrative expense in the consolidated statements of operations.

Contingent Consideration

Super Biz Acquisition

In connection with the Super Biz Acquisition described at Note 5, 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 was originally recorded as a liability in the consolidated balance sheets in accordance with ASC 480, which requires freestanding financial instruments where the company must or could settle the obligation by issuing a variable number of its shares, and the obligation's monetary value is based solely or predominantly on variations in something other than the fair value of the company's shares, to be recorded as a liability at fair value and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations.

The change in accrued Super Biz Contingent Consideration and the related impact on our consolidated statements of operations for the periods presented was comprised of the following:

	Fiscal Year Ended December 31,	
	2024	2023
Beginning balance	$ 1,670,000	$ 3,206,000
Change in fair value[3]	(9,000)	137,000
Current period accrued contingent consideration	142,000	1,750,000
Contingent consideration payments[2]	(38,000)	(3,423,000)
Issuance of Super Biz Note (as described below)[1]	(1,765,000)	-
Accrued contingent consideration[1]	$ -	$ 1,670,000

(1) As of December 31, 2024, reflects the cash portion of the Super Biz Second Earn Out Period related contingent consideration payable. As of December 31, 2023, includes 27,968 shares of common stock valued at $1.52, the closing price of our common stock as of the applicable period end date.

(2) In May 2024, the Company paid accrued contingent consideration related to the Super Biz Second Earn Out Period, comprised of 30,330 shares of our common stock valued at $38,000. In April 2023, the Company paid accrued contingent consideration related to the Initial Earn Out Period, comprised of $2.9 million of cash payments and payment of 49,399 shares of our common stock valued at $548,000.

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

Issuance of Promissory Note. In August 2024, the Company issued an unsecured promissory note to the Founders (as defined at Note 5) in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding, with a principal amount totaling approximately $1.8 million, whereby the Company is obligated to pay the outstanding contingent consideration on the following repayment terms ("Super Biz Note"):

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

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

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

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

Interest accrues on the outstanding principal at the rate of 8.5% per annum, and accrues until the earlier of (i) repayment of the Super Biz Note in full, or (ii) the Maturity Date; provided, however, during the existence of an event of default, as defined in the Super Biz Note, interest shall accrue on all outstanding principal at the contractual default rate, as defined in the Super Biz Note. Super Biz Note related interest expense for Fiscal Year 2024 totaled $64,000.

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.

Melon Acquisition

On May 4, 2023, Super League entered into the Melon Purchase Agreement with Melon, pursuant to which the Company acquired the Melon Assets.

In connection with the Melon Acquisition described at Note 5, contingent consideration is recorded as a liability in the accompanying consolidated balance sheets in accordance with ASC 480, which requires freestanding financial instruments where the Company must or could settle the obligation by issuing a variable number of its shares, and the obligation's monetary value is based solely or predominantly on variations in something other than the fair value of the company's shares, to be recorded as a liability at fair value and re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The 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 fair value, which is included in contingent consideration expense in the accompanying consolidated statements of operations for the periods presented was comprised of the following:

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2023
Beginning balance	$ 538,000	$ -
Contingent Consideration – Initial accrual – May 2023	-	1,350,000
Change in fair value[4]	(148,000)	(682,000)
Current period accrued contingent consideration	(130,000)	61,000
Post closing adjustments[2]	-	(191,000)
Contingent consideration payments [3]	(122,000)	-
Accrued contingent consideration[1]	$ 138,000	$ 538,000

(1) As of December 31, 2024, the accrual for the Second Earn Out Period included 35,775 shares of common stock valued at $0.62, the closing price of our common stock as of December 31, 2024. As of December 31, 2023, the accrual for the First Earn Out Period totaling $333,000, included 72,118 shares of common stock valued at $1.52, the closing price of our common stock as of December 31, 2023.

(2) The Melon Purchase Agreement provided for adjustments to the calculated Melon Contingent Consideration amounts to account for advanced payments made to Melon from customers prior to the Melon Acquisition Date, for which the corresponding work was not performed as of the Melon Acquisition Date.

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

(4) Reflected in the consolidated statements of operations for the applicable period.

Loss on intangible asset disposal

In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers. The assets were disposed of in connection with management's review of operations and decision to allocate resources elsewhere. As a result, the Company recorded a disposal of net developed technology related intangible assets acquired in connection with the acquisition of Bannerfy totaling $2,284,000, which is included in "Loss on intangible asset disposal" in the accompanying consolidated statements of operations for Fiscal Year 2023.

Intangible Asset Impairment

Impairment Charges. In the fourth quarter of Fiscal Year 2023 we recorded a non-cash impairment charge related to our partner relationship related intangible assets, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc. in June 2021. The 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 significant underperformance relative to expected historical or projected future operating results, and significant changes in the manner of our use of the acquired assets or the strategy in the context of our overall business. Due to underperformance relative to historical and projected future operating results and a decision to deploy resources in other areas of the business, we performed an impairment analysis and determined that the sum of the expected undiscounted future cash flows resulting from the use of the assets was less than the carrying amount of the assets, resulting in an impairment loss totaling $7.1 million, which is recorded in the accompanying consolidated statements of operations for Fiscal Year 2023. The fair value was determined using a discounted cash flow approach, with cash flow projections over the remaining life of the intangible assets of five years and a discount rate of 16% based on the Company's estimated cost of capital. The impairment charge was based on the difference between the calculated fair value of the intangible assets totaling $860,000 and the carrying value of the applicable intangible assets which totaled $7,912,000 as of December 31, 2023. There were no intangible asset impairment charges recorded for the year ended December 31, 2024.

Other Income (Expense)

Gain on Sale of Minehut Assets

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

The Company initially recorded a receivable for the total estimated Minehut Purchase Consideration totaling $619,000, of which $224,000 was included in prepaid expense and other current assets and $395,000 was included in other receivables in noncurrent assets, and recognized a gain on sale of the Minehut Assets totaling $144,000, which was included in other income in the consolidated statements of operations. 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 over and above the estimated purchase consideration recorded at contract inception, if any, will be recognized as additional gains on the sale of Minehut Assets when realized in future periods, up to the $1.0 million stated contractual amount of Minehut Purchase Consideration. Additional gains recorded subsequent to the sale and initial accounting for the transaction totaled $39,000, resulting in a cumulative gain on sale for Fiscal Year 2024 totaling $183,000.

Change in Fair Value of Warrant Liability

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

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

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

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

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

Placement Agent Warrants

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

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

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Series AAA Junior-3 and Series AAA Junior-4 Warrants:		
Beginning balance	$ -	$ -
Initial fair value of warrant liability – grant date[(1)]	346,000	-
Change in fair value	2,000	-
Subtotal - fair value of warrant liability - Series AAA Junior -3 and Series AAA Junior – 4 Warrants	348,000	-
Placement Agent Warrants:		
Beginning balance	$ 1,571,000	$ -
Initial fair value of warrant liability – grant date[(1)]	133,000	4,469,000
Change in fair value	(1,117,000)	(2,898,000)
Subtotal - fair value of warrant liability – Placement Agent Warrants	587,000	1,571,000
Total fair value of warrant liability	$ 935,000	$ 1,571,000

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

Interest Expense

Interest expense for the periods presented was comprised of the following:

	Fiscal Year Ended December 31,	
	2024	**2023**
Super Biz Note:		
Accrued Interest	$ 64,000	$ -
Hudson Note:		
Interest expense, including accrued interest	194,000	-
Change in fair value	225,000	-
RP Note:		
Interest expense, including accrued interest	71,000	-
Change in fair value	(62,000)	-
SLR Facility:		
Interest expense and other fees	63,000	3,000
Other	4,000	47,000
Total interest expense	$ 559,000	$ 50,000

Loss on Extinguishment of Liability

In August 2024, the Company issued the Super Biz Note to the Founders in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding, with a principle amount totaling approximately $1.8 million. Interest accrues on the outstanding principal at the rate of 8.5% per annum, and accrues until the earlier of (i) repayment of the Super Biz Note in full, or (ii) the Maturity Date.

In addition, in connection with the issuance of the Super Biz Note, during the period commencing January 2, 2025 and concluding on January 6, 2025, the Company will issue 262,501 shares of the Company's common stock to the Founders, valued at $336,000, based on the closing price of our common stock on the date of issuance of Super Biz Note.

The issuance of the Super Biz Note in exchange for the related accrued contingent consideration balance was accounted for as an extinguishment of the original liability due to the fact that the present value of the cash flows under the terms of Super Biz Note was determined to be at least 10 percent different from the present value of the remaining cash flows under the terms of the original obligation. As a result, a gain on extinguishment totaling $336,000 was recorded in the consolidated statements of operations, and credited to additional paid in capital (included in "Other" in the consolidated statements of stockholder's equity), for Fiscal Year 2024, primarily comprised of the fair value of the 262,501 shares of restricted stock to be issued, as described above.

The default interest provision included in the Super Biz Note represents an embedded derivative with a fair value of $171,000 as of August 1, 2024, the date of issuance of the Super Biz Note. The fair value of the derivative liability is included in the December 31, 2024 consolidated balance sheet under the caption "Promissory note – contingent consideration," and is required to be marked to market at each balance sheet date. The change in fair value of the derivative liability totaled ($94,000) for Fiscal Year 2024.

Loss on Exchange of Placement Agent Warrants

In December 2023, as further described in Note 7, with respect to shares of Series AAA Preferred Stock issued in exchange for shares of Series A Preferred and Series AA Preferred, in the Series AAA Offerings (the "Exchange"), the Placement Agent exchanged previously issued Placement Agent Warrants to purchase 88,403 shares of common stock of the Company that were issued in connection with the Company's Series A Offerings and Series AA Offerings, at exercise prices ranging from $7.60 to $13.41 per share, for new Placement Agent Warrants to purchase a total of 347,428 shares of common stock at an exercise price of $1.674 per share and 199,778 shares of common stock at an exercise price of $1.71 per share.

The terms of the new Placement Agent Warrants and the original placement agent warrants (recorded as a liability under ASC 815) was determined to be substantially different based on an analysis of the fair value of each instrument immediately before and after the modification, resulting in a loss on extinguishment, recognized in other income (expense) in the consolidated statements of operations for Fiscal Year 2023, totaling $681,000.

Debt Issuance Costs

The Company paid debt issuance costs totaling $180,000 in connection with the issuance of the Agile Note as described at Note, which is included in “Other” in Other Income and expense in the consolidated statements of operations for FY 2024.

(Provision) Benefit for Income Taxes

Provision for income taxes for Fiscal Year 2024, totaling $161,000, reflects noncash tax expense recorded in connection with the tax treatment of changes in contingent consideration payable as of December 31, 2024. A corresponding deferred tax liability totaling $161,000 is reflected in the consolidated balance sheet as of December 31, 2024.

In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company’s acquisition of Bannerfy, Ltd. (“Bannerfy”)(the “Bannerfy Acquisition”) in 2021, to the original sellers, as described at Note 4. The Bannerfy Acquisition was treated for tax purposes as a nontaxable transaction and, as such, the historical tax bases of the acquired assets and assumed liabilities, net operating losses, and other tax attributes of Bannerfy carried over, with no step-up to fair value of the underlying tax bases of the acquired net assets. The acquisition method of accounting included the establishment of a net deferred tax liability resulting from book tax basis differences related to assets acquired and liabilities assumed on the date of acquisition. When an acquisition of a group of assets is purchased in a transaction that is not accounted for as a business combination under FASB ASC Topic 805 – Business Combinations (“ASC 805”), a difference between the book and tax bases of the assets arises. FASB ASC Topic 740 – Income Taxes (“ASC 740”), required the use of simultaneous equations to determine the assigned value of the asset and the related deferred tax asset or liability. As a result of the disposal of the Bannerfy intangible assets, the Company fully amortized the related remaining net deferred tax liability, resulting in a $313,000 tax benefit reflected in the consolidated statements of operations for Fiscal Year 2023.

Liquidity and Capital Resources

General

Cash and cash equivalents totaled approximately $1.3 million and $7.6 million at December 31, 2024 and 2023, respectively. The change in cash and cash equivalents for the periods presented reflects the impact of operating, investing and financing cash flow related activities, as described below.

The accompanying 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 consolidated statements of operations for the periods presented herein, and had an accumulated deficit of $270.0 million as of December 31, 2024. Noncash stock compensation, amortization and impairment charges for Fiscal Year 2024 and 2023 totaled $3.9 million and $17.4 million, respectively. For Fiscal Years 2024 and 2023, net cash used in operating activities totaled $11.5 million and $15.5 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

Entry into Loan Agreements

Agile II. On the Agile II Effective Date, the Company entered into the Agile II Loan Agreement, with the Collateral Agent and Agile, pursuant to which the Company issued to Agile a 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 Loan Agreement), interest shall accrue at a fixed per annum rate equal to the applicable rate plus five percent. The Company is required to repay all the obligations due under the Agile 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. In connection with entering into the Agile 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. $1.5 million of the Agile II Note was used to repay the remaining balance under the Agile Note, with net proceeds to the Company of approximately $875,000.

1800 Diagonal Lending, LLC. On the Diagonal Effective Date, the Company and Diagonal) entered into the Diagonal Agreement, pursuant to which the Company issued the Diagonal Note in the principal amount of $300,000, 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 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) interest begins to accrue 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 the Conversion Price.

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 that is enumerated in Section 3.2 of the Diagonal Note, 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 not enumerated in Section 3.2 of the Diagonal Note, 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 Sections 1.3 and 1.4(g) of 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 was issued with an OID of 4.75%, with net proceeds to the Company of approximately $279,000 after giving deducting the OID, reimbursement of Diagonal's expenses in an amount equal to $7,000, and other estimated offering expenses. The Company intends to use the net proceeds from the offering for working capital and general corporate purposes.

Belleau Note Purchase Agreement. On March 28, 2025, we entered into the Belleau Purchase Agreement with Belleau. Pursuant to the Belleau Purchase Agreement, the Company will issue to Belleau 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 will 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. 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; (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 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 $0.35. 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 intends to utilize the proceeds from the sale of the Belleau Notes for working capital and general corporate purposes.

Entry into Equity Purchase Agreement

On February 14, 2025, the Company entered into an equity purchase agreement (the "Equity Purchase Agreement") with Hudson Global Ventures, LLC, a Nevada limited liability company ("Hudson"). Pursuant to the Equity Purchase Agreement, the Company has 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 "Total Commitment") of the Company's common stock, from time to time during the term of the Equity Purchase Agreement, subject to certain limitations and conditions (the "Hudson Offering"). As consideration for Hudson's commitment to purchase shares of common stock under the Purchase Agreement, the Company issued to Hudson 300,000 shares of common stock, valued at $165,000, following the execution of the Equity Purchase Agreement (the "Commitment Shares").

Unless earlier terminated, the Equity Purchase Agreement will automatically terminate upon the earliest of (i) the expiration of the Commitment Period (as defined in the Equity Purchase Agreement), (ii) Hudson's purchase or receipt of the Total Commitment worth of common stock, or (iii) the occurrence of certain other events set forth in the Equity Purchase Agreement. The Company has the right to terminate the Equity Purchase Agreement at any time after Commencement, at no cost or penalty, upon prior written notice to Hudson.

The Company intends to use the net proceeds, if any, from the Hudson Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures. The Company may also use a portion of the net proceeds to acquire or invest in complementary businesses, products and technologies. The Equity Purchase Agreement contains customary representations, warranties and agreements by the Company, as well as customary indemnification obligations of the Company. In connection with the Equity Purchase Agreement, the Company entered into a Registration Rights Agreement, pursuant to which the Company agreed to register the Commitment Shares and the shares issuable pursuant to the Equity Purchase Agreement.

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.

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Cash Flows for the Fiscal Years Ended December 31, 2024 and 2023

The following table summarizes the change in cash and cash equivalents for the periods presented:

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2023
Net cash used in operating activities	$ (11,462,000)	$ (15,489,000)
Net cash used in investing activities	(283,000)	(825,000)
Net cash provided by financing activities	5,446,000	21,441,000
Increase (decrease) in cash and cash equivalents	(6,299,000)	5,127,000
Cash and cash equivalents, at beginning of period	7,609,000	2,482,000
Cash and cash equivalents, at end of period	$ 1,310,000	$ 7,609,000

Cash Flows from Operating Activities.

Net cash used in operating activities during Fiscal Year 2024, primarily reflected our net loss, net of adjustments to reconcile net loss to net cash used in operating activities, which included noncash stock compensation charges of $1,289,000, depreciation and amortization charges of $2,612,000, net changes in fair value of warrant liabilities of ($1,115,000) and net changes in working capital of $1,364,000. Changes in working capital primarily reflected the impact of the settlement of receivables and payables in the ordinary course.

Net cash used in operating activities during Fiscal Year 2023, primarily reflected our net loss, net of adjustments to reconcile net loss to net cash used in operating activities, which included noncash stock compensation charges of $2,735,000, depreciation and amortization charges of $5,376,000, intangible asset impairment charges of $7,052,000, disposal of intangible asset charges of $2,284,000, net changes in fair value of warrant liabilities of ($2,898,000) and net changes in working capital of $116,000. Changes in working capital primarily reflected the impact of the settlement of receivables and payables in the ordinary course and the payment of the cash portion of the Super Biz Contingent Consideration, as described above.

Cash Flows from Investing Activities.

Cash flows from investing activities were comprised of the following for the periods presented:

	Fiscal Year Ended December 31,	
	2024	2023
Cash paid in connection with the acquisition of Melon, net	$ -	$ (150,000)
Proceeds from sale of Minehut Assets	192,000	-
Purchase of property and equipment	(23,000)	(8,000)
Capitalization of software development costs	(452,000)	(650,000)
Acquisition of other intangible and other assets	-	(17,000)
Net cash used in investing activities	$ (283,000)	$ (825,000)

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 Fiscal Year 2024 we received Minehut Purchase Consideration payments totaling $192,000.

Melon Acquisition. On May 4, 2023, we entered the Melon Purchase Agreement with Melon, pursuant to which the Company acquired the Melon Assets, as described above. At the Closing, the Company paid an aggregate total of $900,000 to Melon, of which $150,000 was paid in cash, and the remaining $750,000 was paid in the form of shares of the Company's common stock, valued at the Melon Closing Share Price, as described above.

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

Cash Flows from Financing Activities. Cash flows from financing activities were comprised of the following for the periods presented:

	Fiscal Year Ended December 31,	
	2024	2023
Proceeds from issuance of preferred stock, net of issuance costs	$ 2,393,000	$ 19,295,000
Proceeds from issuance of common stock, net of issuance costs	1,000,000	1,885,000
Proceeds from promissory notes, net	3,257,000	-
Payments on promissory notes	(396,000)	-
Payments on convertible notes	-	(539,000)
Accounts receivable facility advances	1,174,000	-
Payments on accounts receivable facility	(1,950,000)	-
Contingent consideration payments – Melon Acquisition	(32,000)	-
Proceeds from common stock options and purchase warrant exercises	-	800,000
Net cash provided by financing activities	$ 5,446,000	$ 21,441,000

Equity Financings

Issuances of Convertible Preferred Stock

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

		Preferred Stock				Proceeds			Conversion Shares - Common Stock			Other
Series Designation	Closing Date	Conversion Prices(2)(3)(4)	Shares Purchased/ Issued in Exchange(6)	Conversions / Exchanges	Outstanding - December 31, 2024	Gross Proceeds	Fees	Net Proceeds	Original	Conversions / Exchanges(5)	December 31, 2024	Original Placement Agent Warrants(1)
A	November 22, 2022	$ 12.40	5,359	(5,359)	-	$ 5,359,000	$ 697,000	$ 4,662,000	432,000	(432,000)	-	62,000
A-2	November 28, 2022	$ 13.29	1,297	(1,297)	-	1,297,000	169,000	1,128,000	98,000	(98,000)	-	14,000
A-3	November 30, 2022	$ 13.41	1,733	(1,733)	-	1,733,000	225,000	1,508,000	129,000	(129,000)	-	18,000
A-4	December 22, 2022	$ 7.60	1,934	(1,934)	-	1,934,000	251,000	1,683,000	254,000	(254,000)	-	36,000
A-5	January 31, 2023	$ 11.09	2,299	(1,519)	780	2,299,000	299,000	2,000,000	207,000	(137,000)	70,000	30,000
AA	April 19, 2023	$9.43/$1.89	7,680	(3,981)	3,699	7,680,000	966,000	6,714,000	4,072,000	(2,111,000)	1,961,000	112,000
AA-2	April 20, 2023	$10.43/$2.09	1,500	(1,500)	-	1,500,000	130,000	1,370,000	719,000	(719,000)	-	17,000
AA-3	April 28, 2023	$9.50/$1.90	1,025	(1,000)	25	1,025,000	133,000	892,000	539,000	(526,000)	13,000	16,000
AA-4	May 5, 2023	$9.28/$1.86	1,026	(526)	500	1,026,000	133,000	893,000	553,000	(283,000)	270,000	16,000
AA-5	May 26, 2023	$10.60/$2.12	550	(500)	50	550,000	72,000	478,000	259,000	(236,000)	23,000	8,000
AAA	November 30, 2023	$ 1.67	9,388	(1,993)	7,395	5,377,000	645,000	4,732,000	5,608,000	(1,191,000)	4,417,000	466,000
AAA-2	December 22, 2023	$ 1.71	5,334	(2,186)	3,148	2,978,000	357,000	2,621,000	3,119,000	(1,278,000)	1,841,000	253,000
AAA-Junior	June 26, 2024	$ 1.25	1,210	(845)	365	1,210,000	145,000	1,065,000	968,000	(676,000)	292,000	140,000
AAA-Junior - 2	July 10, 2024	$ 1.25	551	(110)	441	551,000	66,000	485,000	441,000	(88,000)	353,000	64,000
AAA-Junior - 3	September 20, 2024	$ 1.25	697	-	697	697,000	84,000	613,000	558,000	-	558,000	81,000
AAA-Junior – 4	September 30, 2024	$ 1.25	399	-	399	399,000	48,000	351,000	319,000	-	319,000	46,000
			41,982	(24,483)	17,499	$ 35,615,000	$ 4,420,000	$ 31,195,000	18,275,000	(8,158,000)	10,117,000	1,379,000

(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 $2.60 as a result of the Series AA Down Round Feature described below.

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

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

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

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

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. For the three months ended March 31, 2023, $719,000 of the net proceeds from the Series A Offerings were utilized in connection with the final redemption of the Notes.

Issuances of Common Stock

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

On August 21, 2023, we entered into the Underwriting Agreement with the Underwriter (as defined above), relating to the Company's Common Stock Offering of the Firm Securities to certain investors. Pursuant to the Underwriting Agreement, the Company also granted the Underwriters the Option to purchase the Option Securities. On September 12, 2023, the Underwriter partially exercised its Option and purchased an additional 32,616 shares of common stock at a price of $2.60 per share. The issuance by the Company of the Option Securities resulted in total gross proceeds of approximately $84,800, before deducting underwriting discounts, commissions, and other offering expenses payable by the Company.

On August 23, 2023, the Company issued the Firm Securities and closed the Offering at a public price of $2.60 per share, and $2.58 per share underlying each Pre-Funded Warrant, for net proceeds to the Company of approximately $1.8 million after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. Each Pre-Funded Warrant had an exercise price per share of common stock equal to $0.001 per share. The Firm Securities were offered, issued, and sold pursuant to a prospectus supplement and accompanying prospectus filed with the SEC pursuant to the Registration Statement under the Securities, as supplemented by the Prospectus Supplement, filed with the SEC pursuant to Rule 424(b) of the Securities Act on August 23, 2023.

Debt Financing

Agile Promissory Note

On November 8, 2024 we entered into the Agile Loan Agreement, with Agile pursuant to which the Company issued to Agile a Confessed Judgment Secured Promissory Note for an aggregate value of $1.85 million (the "Agile Note"). Pursuant to the Agile Loan Agreement: (i) the Agile Note matures 28 weeks from the Effective Date; (ii) carries an aggregate total interest payment of approximately $0.78 million (the "Applicable Rate"), and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent. The Company is required to repay all the obligations due under the Agile Loan Agreement and the Agile Note in 28 equal payments of $93,821, with the first payment being made to Agile on November 14, 2024, and every seven days thereafter until the Maturity Date. The proceeds received from the Agile Note were used to fund general working capital needs.

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

In connection with entering into the Agile Loan Agreement, the Company was required to pay an administrative fee of $92,500 to the Collateral Agent, which was paid at the closing out of proceeds of the issuance of the Agile Note. Refer to Note 6 for additional details.

Related Party Promissory Note

On November 19, 2024 we entered into the RP Purchase Agreement with a non-employee member of the Board, or Purchaser. Pursuant to the RP Purchase Agreement, the Company issued to the Purchaser the RP Note in the amount of $1,500,000, for which the RP Note (i) matures on 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 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. Refer to Note 6 for additional information.

Account Receivable Financing Facility

We entered into a Financing and Security Agreement (the "SLR Agreement") with SLR Digital Finance, LLC ("Lender"), effective December 17, 2023 (the "SLR 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 Company 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 the Company, up to a maximum aggregate Advance amount of $4,000,000 (the "Maximum Amount")(the Advances on the Accounts is hereinafter, the "Facility"). Upon receipt of any Advance, the Company will have assigned all of its rights in such receivables and all proceeds thereof. The proceeds received from the Facility are, and will be, used to fund general working capital needs.

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

In connection with the Facility, the Company agreed to, among other things, (i) pay a finance fee equal to 2% of the Maximum Amount, payable in 24 equal monthly installments on the last day of each month of the SLR 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 SLR 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 the Company'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.

As security for the full and prompt payment and performance of any obligations arising under the SLR Agreement, the Borrowers granted to Lender a continuing first priority security interest in all the assets of the Borrowers. The SLR Agreement also provides for customary provisions, including representations, warranties and covenants, indemnification, waiver of jury trial, arbitration, and the exercise of remedies upon a breach or default. Refer to Note 6 for additional information.

Contractual Obligations and Off-Balance Sheet Commitments and Arrangements

As of December 31, 2024, other than as described 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 December 31, 2024 we maintain approximately 1,550 square feet of office space which is leased on a month-to-month basis.

We have not entered into any off-balance sheet financial guarantees or other off-balance sheet commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as stockholder's equity or that are not reflected in our 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 consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management, in consultation with its legal counsel as appropriate, assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company, in consultation with legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Recent Accounting Pronouncements

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

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of our financial statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in our 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 elsewhere herein. The following accounting policies were identified during the periods presented, based on activities occurring during the periods presented, as critical and requiring significant judgments and estimates.

Revenue Recognition

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

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

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

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

Accounting for Business Combinations

We account for our business combinations under the acquisition method of accounting. Identifiable assets acquired, liabilities assumed and any noncontrolling interest in the acquiree are recognized and measured as of the acquisition date at fair value. Additionally, contingent consideration is recorded at fair value on the acquisition date and classified as a liability. Goodwill is recognized to the extent by which the aggregate of the acquisition-date fair value of the consideration transferred and any noncontrolling interest in the acquiree exceeds the recognized basis of the identifiable assets acquired, net of assumed liabilities. Determining the fair value of assets acquired, liabilities assumed and noncontrolling interest requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates and asset lives among other items. In addition, when we have acquisitions where substantially all of the fair value of assets acquired is concentrated in a single asset or group of similar assets, we account for the acquisitions as asset acquisitions.

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.

Significant judgements and estimates may be required in connection with determining the number of reporting units; determining intangible asset groupings; if, and in what period a triggering event has occurred requiring and impairment review; determining the nature timing and extent of undiscounted cash flows, including revenue forecasts and related growth rates and applicable costs; residual values if any; and discount rates and other inputs used in connection with the calculation of the fair values of applicable asset groups. Variations in any of these judgements and estimates could have a material impact on our financial results.

In the fourth quarter of Fiscal Year 2023 we recorded a non-cash impairment charge related to our partner relationship related intangible assets, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc. in June 2021. The 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 significant underperformance relative to expected historical or projected future operating results, and significant changes in the manner of our use of the acquired assets or the strategy in the context of our overall business. Due to underperformance relative to historical and projected future operating results and a decision to deploy resources in other areas of the business, we performed an impairment analysis and determined that the sum of the expected undiscounted future cash flows resulting from the use of the assets was less than the carrying amount of the assets, resulting in an impairment loss totaling $7.1 million, which is recorded in the accompanying consolidated statements of operations for Fiscal Year 2023. The fair value was determined using a discounted cash flow approach, with cash flow projections over the remaining life of the intangible assets of five years and a discount rate of 16% based on the Company's estimated cost of capital.

Fair Value Option ("FVO") Election

The Company accounted for certain promissory notes issued, as described at Note 6, 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 consolidated statements of operations. With respect to the promissory notes described at Note 6, 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 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 consolidated statements of operations.

The fair value of the promissory notes described at Note 6 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 6 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 consolidated statements of operations. Variations in any of these judgements and estimates could have a material impact on our financial results.

Modifications to Equity Linked Instruments

During certain of the periods presented herein, holders of our preferred stock with outstanding Additional Investment Rights ("AIRs") received (i) a six (6) month extension of the exercise period of such AIRs; and (ii) an adjustment to the conversion prices for such AIRs, to the existing conversion price floors for each respective subseries of preferred stock, as described in Note 6 to the consolidated financial statements. In connection with the modifications the AIRs with initial aggregate underlying common shares totaling 1.3 million, were modified as described above, resulting in an incremental increase in fair value totaling $364,000, of which $294,000 was charged to additional paid-in capital as a financing costs, and $70,000 which was charged to other expense in the consolidated statements of operations as a legal settlement cost.

Accounting standards require that a reporting entity recognize the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange on the basis of the substance of the transaction in the same manner as if cash had been paid as consideration. As of each of the applicable AIR modification dates the Company utilized an option pricing model, employing the back solve method for purposes of determining the implied common stock value of the Company for input into a Black Scholes option pricing model to determine the fair value of the AIRs immediately before and after the modifications described above, using Level 3 inputs. Weighted average assumptions utilized in the Black Scholes option pricing model included implied (derived) common stock prices from $0.72 to $0.86, conversion prices ranging from $1.856 to $13.25 (based on the applicable original and modified preferred stock conversion prices), risk free interest rates ranging from 4.64% to 5.36%, terms ranging from .24 years to .92 years and volatility assumptions ranging from 68% to 91%.

Significant judgements and estimates may be required in connection with the selection of the techniques and methods used in the determination of the implied common stock value of the company, including selection of the back solve method, and significant judgements and estimates may be required in connection with the assumptions utilized in the Black Scholes options pricing model, including assumptions for the remaining term of the applicable instruments, risk free interest rates and volatility. 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 6 to the 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:

	December 31, 2024	**December 31, 2023**
Expected Volatility	100% - 101%	98%
Risk–free interest rate	4.27% - 4.38%	3.84%
Dividend yield	-%	-%
Expected life of options (in years)	2.71 - 4.74	4.5 - 5.0

Significant judgements and estimates may 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 Fiscal Year 2024. However, as described above we continue to be a "smaller reporting company."

As a result of no longer qualifying for "emerging growth company" status, our independent auditors, commencing with their audit of our consolidated financial statements as of and for the year ended December 31, 2024, are required by the Public Company Accounting Oversight Board ("PCAOB") to include a description of Critical Accounting Matters ("CAMs") as a component of their audit opinion commencing with the audit of our consolidated financial statements for Fiscal Year 2024.

A CAM is defined as any matter arising from the audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee, as a component of typical and customary matters required to be communicated to the audit committee each year and that:

- Relates to accounts or disclosures that are material to the financial statements; and
- Involved especially challenging, subjective, or complex auditor judgment.

The PCAOB requires auditors to communicate with the company's audit committee regarding certain matters related to the conduct of their audit, including information about the overall audit strategy, timing of the audit and the significant risks identified during the auditor's risk assessment procedures.

As described by the PCAOB, CAMs are intended to enhance the auditor’s report to provide audit-specific information that is meaningful to investors and other financial statement users. Further, the purpose of CAMs is to shed light on certain matters in an audit that involved especially challenging, subjective, or complex auditor judgment.

Our auditors have included descriptions of CAMs surrounding their audit strategy and procedures for their audit of revenue recognition and their audit of the modification of certain AIRs related to preferred stock outstanding during Fiscal Year 2024.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related financial information required to be filed hereunder are indexed under Item 15 of this report and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2024 (“Evaluation Date”). Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) accumulated and communicated to the company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2024.

Limitations on Effectiveness of Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. The design of a control system must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management's Report on Internal Control over Financial Reporting

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. This process includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

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

Previously Reported Material Weakness

In our Annual Report on Form 10-K for the year ended December 31, 2023, we disclosed a material weakness related to the identification of non-standard and complex transaction disclosure requirements, specifically regarding the exclusion of the calculated noncash value of the effect of the down round feature triggered in August of 2023, on the Company's Series AA Convertible Preferred Stock, which should have been recorded as a noncash charge directly to accumulated deficit and a noncash reduction to income available to common stockholders in the computation of earnings per share for the third quarter of 2023.

Remediation Actions Taken

Since the date we identified the material weakness in the fourth quarter of 2023, we took steps to ensure that financial statement preparation checklists utilized by the Company to identify non-standard and complex transactions disclosure requirements are completed and reviewed by resources with requisite knowledge in a timely manner for financial reporting purposes, to improve disclosure controls and procedures and internal control over financial reporting in these complex non-standard technical areas. While we had procedures and processes to apply accounting and disclosure standards to non-standard and complex transactions, we did not have adequate resources to provide for the timely identification of the required treatment of the value of a down round feature in the period in which it is triggered. This material weakness prevented us from properly including the noncash impact of the down round feature as a noncash reduction to accumulated deficit and a noncash reduction of income available to common stockholders in the computation of earnings per share for the third quarter of 2023.

The remediation steps described above were effective in the fourth quarter of 2023 and in place and operating as of December 31, 2023 and throughout Fiscal Year 2024. As a result, as previously disclosed in our Fiscal Year 2023 10-K, notwithstanding the material weakness described above, management believes the consolidated financial statements presented in its Fiscal Year 2023 10-K fairly presented, in all material respects, our financial position, results of operations and cash flows for all periods presented therein, in conformity with generally accepted accounting principles.

Based on our assessments as of December 31, 2024 and 2023, we concluded that the previously reported material weakness related to the identification of non-standard and complex transaction disclosure requirements, specifically regarding exclusion of the calculated noncash value of the effect of the down round feature triggered in August of 2023 on the Company's Series AA Convertible Preferred Stock, has been remediated.

Management's Assessment of the Effectiveness of our Internal Control Over Financial Reporting

Management has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024. In conducting its evaluation, management used the framework set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under such framework, our management has concluded that our internal control over financial reporting was effective as of December 31, 2024.

Report of Independent Registered Public Accounting Firm

We are an "smaller reporting company," as defined in Rule 405 of the Securities Act and, accordingly, we are not required to provide the attestation report of our independent registered public accounting firm on our internal control over financial reporting required by Item 308(b) of Regulation S-K.

Changes in Internal Control over Financial Reporting

Except as described above, there have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting during the fiscal quarter ended December 31, 2024.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2024, none of our officers (as defined in Rule 16a-1(f) of the Exchange Act) entered into contracts, instructions or written plans (each, a "Rule 10b5-1 Trading Plan" and collectively, the "Rule 10b5-1 Trading Plans") for the purchase or sale of our securities that are intended to satisfy the conditions specified in Rule 10b5-1(c) under the Exchange Act for an affirmative defense against liability for trading in securities on the basis of material nonpublic information.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders to be filed with the SEC no later than April 30, 2025.

ITEM 11. EXECUTIVE COMPENSATION.

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders to be filed with the SEC no later than April 30, 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders to be filed with the SEC no later than April 30, 2025.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders to be filed with the SEC no later than April 30, 2025.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Except as provided below, in accordance with General Instruction G(3) to Form 10-K, certain information required by this Item is incorporated herein by reference to our definitive proxy statement for our 2024 annual meeting of stockholders to be filed with the SEC no later than April 30, 2025.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Name	Incorporation by Reference
2.1	Agreement and Plan of Merger, dated March 9, 2021, by and among Super League Enterprise, Inc., SLG Merger Sub II, Inc., and Mobcrush, Inc.	Exhibit 2.1 to the Current Report on Form 8-K, filed on March 11, 2021.
2.2	Amendment No. 1 to Agreement and Plan of Merger by and between Super League Enterprise, Inc., and Mobcrush Streaming, Inc., dated April 20, 2021.	Exhibit 10.1 to the Current Report on Form 8-K, filed on April 21, 2021.
2.3	Asset Purchase Agreement, dated October 4, 2021, among Super League Enterprise, Inc., Bloxbiz Co., Samuel Drozdov, and Benjamin Khakshoor.	Exhibit 2.1 to the Current Report on Form 8-K, filed on October 7, 2021.
2.4	Asset Purchase Agreement, by and between Super League Gaming, Inc., and Melon, Inc., dated May 4, 2023	Exhibit 2.3 to the Current Report on Form 8-K, filed on May 9, 2023.
3.1	Second Amended and Restated Certificate of Incorporation of Super League Enterprise, Inc., dated November 19, 2018.	Exhibit 3.1 to the Registration Statement, filed on January 4, 2019.
3.2	Second Amended and Restated Bylaws of Super League Enterprise, Inc.	Exhibit 3.2 to the Registration Statement, filed on January 4, 2019.
3.3	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Super League Enterprise, Inc., dated February 8, 2019.	Exhibit 3.3 to the Amendment No. 2 to the Registration Statement , filed on February 12, 2019.
3.4	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of Super League Enterprise, Inc., dated July 24, 2020.	Exhibit 3.1 to the Current Report on Form 8-K, filed on July 24, 2020.
3.5	Certificate of Designation of Preferences, Rights and Limitations of the Series A Preferred Stock	Exhibit 3.5 to the Annual Report on Form 10-K for the year ended December 31, 2022
3.6	Certificate of Designation of Preferences, Rights and Limitations of the Series A-2 Preferred Stock	Exhibit 3.6 to the Annual Report on Form 10-K for the year ended December 31, 2022
3.7	Certificate of Designation of Preferences, Rights and Limitations of the Series A-3 Preferred Stock	Exhibit 3.7 to the Annual Report on Form 10-K for the year ended December 31, 2022
3.8	Certificate of Designation of Preferences, Rights and Limitations of the Series A-4 Preferred Stock	Exhibit 3.8 to the Annual Report on Form 10-K for the year ended December 31, 2022
3.9	Certificate of Designation of Preferences, Rights and Limitations of the Series A-5 Preferred Stock	Exhibit 3.9 to the Annual Report on Form 10-K for the year ended December 31, 2022
3.10	Certificate of Designation of Preferences, Rights and Limitations of the Series AA Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on April 25, 2023
3.11	Certificate of Designation of Preferences, Rights and Limitations of the Series AA-2 Preferred Stock	Exhibit 3.11 to the Annual Report on Form 10-K, filed April 15, 2024
3.12	Certificate of Designation of Preferences, Rights and Limitations of the Series AA-3 Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on May 4, 2023
3.13	Certificate of Designation of Preferences, Rights and Limitations of the Series AA-4 Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K/A, filed on May 9, 2023, as amended on May 10, 2023.
3.14	Certificate of Designation of Preferences, Rights and Limitations of the Series AA-5 Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on June 2, 2023
3.15	Certificate of Amendment to Super League Gaming, Inc.'s Second Amended and Restated Certificate of Incorporation, as amended	Exhibit 3.2 to the Current Report on Form 8-K, filed on June 2, 2023
3.16	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation, as Amended, of Super League Gaming, Inc.	Exhibit 3.1 to the Current Report on Form 8-K, filed on September 8, 2023.
3.17	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on December 6, 2023

3.18	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-2 Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on December 22, 2023
3.19	Amendment to the Second Amended and Restated Bylaws of Super League Enterprise, Inc.	Exhibit 3.1 to the Current Report on Form 8-K, filed on June 10, 2024.
3.20	Certificate of Designation of Preferences Rights and Limitations of the Series AAA Junior Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on July 2, 2024.
3.21	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-2 Junior Convertible Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on July 16, 2024
3.22	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-3 Junior Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed on September 23, 2024
3.23	Certificate of Correction to Certificate of Designation of Preferences, Rights and Limitations of the Series AAA Junior Preferred Stock	Exhibit 3.2 to the Current Report on Form 8-K, filed on September 23, 2024
3.24	Certificate of Correction to Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-2 Junior Preferred Stock	Exhibit 3.3 to the Current Report on Form 8-K, filed on September 23, 2024
3.25	Certificate of Designation of Preferences, Rights and Limitations of the Series AAA-4 Junior Preferred Stock	Exhibit 3.1 to the Current Report on Form 8-K, filed October 1, 2024
4.1	Form of Common Stock Certificate.	Exhibit 4.1 to the Amendment No. 2 to the Registration Statement, filed on February 12, 2019.
4.2	Form of Registration Rights Agreement, among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 4.2 to the Registration Statement on Form S-1 , filed on January 4, 2019.
4.3	Common Stock Purchase Warrant dated June 16, 2017 issued to Ann Hand.	Exhibit 4.3 to the Registration Statement on Form S-1, filed on January 4, 2019.
4.4	Form of 9.00% Secured Convertible Promissory Note.	Exhibit 4.4 to the Registration Statement on Form S-1, filed on January 4, 2019.
4.5	Form of Callable Common Stock Purchase Warrant, issued to certain accredited investors.	Exhibit 4.5 to the Registration Statement on Form S-1, filed on January 4, 2019.
4.6	Form of Representative's Warrant.	Exhibit 4.6 to the Amendment No. 2 to the Registration Statement on Form S-1, filed on February 12, 2019.
4.7	Form of May 2022 Convertible Promissory Note	Exhibit 10.2 to the Current Report on Form 8-K, filed May 16, 2022.
4.8	Form of Placement Agent Warrant	Exhibit 10.35 to the Annual Report on Form 10-K for the year ended December 31, 2022, filed March 31, 2023
4.9	Form of Placement Agent Warrants	Exhibit 10.3 to the Current Report on Form 8-K, filed on April 25, 2023
4.10	Form of Pre-Funded Warrant	Exhibit 4.1 to the Current Report on Form 8-K filed on August 24, 2023
4.11	Form of Placement Agent Warrants	Exhibit 10.5 to the Current Report on Form 8-K filed on December 6, 2023
4.12	Unsecured Promissory Note, dated August 1, 2024, issued to Sam Drozdov by Super League Enterprise, Inc.	Exhibit 10.14 to the Quarterly Report on Form 10-Q filed on November 14, 2024
4.13	Unsecured Promissory Note, dated August 1, 2024, issued to Bloxbiz Co. by Super League Enterprise, Inc.	Exhibit 10.15 to the Quarterly Report on Form 10-Q filed on November 14, 2024
4.14	Unsecured Promissory Note, dated August 1, 2024, issued to Ben Khakshoor by Super League Enterprise, Inc.	Exhibit 10.16 to the Quarterly Report on Form 10-Q filed on November 14, 2024
4.15	Form of Unsecured Promissory Note, dated November 19, 2024	Exhibit 4.1 to the Current Report on Form 8-K filed on February 14, 2025
4.16	Confessed Judgment Secured Promissory Note, dated February 10, 2025, issued to Agile Capital Funding, LLC, by Super League Enterprise, Inc.	Exhibit 4.1 to the Current Report on Form 8-K filed on November 21, 2024
4.17*	Form of 2025 Unsecured Convertible Promissory Note to be issued to Belleau Wood Capital, LP, or its assigns	Filed herewith
4.18*	Convertible Promissory Note, dated March 26, 2025, issued by Super League Enterprise, Inc., to 1800 Diagonal Lending LLC, or its registered assigns	Filed herewith
10.1†	Super League Enterprise, Inc. Amended and Restated 2014 Stock Option and Incentive Plan.	Exhibit 10.1 to the Registration Statement , filed on January 4, 2019.
10.2†	Form of Stock Option Agreement under 2014 Stock Option and Incentive Plan.	Exhibit 10.2 to the Registration Statement , filed on January 4, 2019.
10.3	Subscription Agreement, among Nth Games, Inc. and certain accredited investors.	Exhibit 10.3 to the Registration Statement , filed on January 4, 2019.
10.4	Subscription Agreement, among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.4 to the Registration Statement, filed on January 4, 2019.
10.5	Form of Theater Agreement, filed herewith.	Exhibit 10.5 to the Registration Statement , filed on January 4, 2019.
10.6	Lease between Super League Enterprise, Inc. and Roberts Business Park Santa Monica LLC, dated June 1, 2016.	Exhibit 10.6 to the Registration Statement, filed on January 4, 2019.
10.7+	License Agreement between Super League Enterprise, Inc. and Riot Games, Inc., dated June 22, 2016.	Exhibit 10.7 to the Registration Statement , filed on January 4, 2019.
10.8+	Amended and Restated License Agreement between Super League Enterprise, Inc. and Mojang AB, dated August 1, 2016.	Exhibit 10.8 to the Registration Statement , filed on January 4, 2019.
10.9+	Master Agreement between Super League Enterprise, Inc. and Viacom Media Networks, dated June 9, 2017.	Exhibit 10.9 to the Registration Statement, filed on January 4, 2019.
10.10	Form of Common Stock Purchase Agreement, among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.10 to the Registration Statement , filed on January 4, 2019.
10.11	Form of Investors' Rights Agreement, among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.11 to the Registration Statement, filed on January 4, 2019.
10.12†	Employment Agreement, between Super League Enterprise, Inc. and Ann Hand, dated June 16, 2017.	Exhibit 10.12 to the Registration Statement , filed on January 4, 2019.
10.13†	Employment Agreement, between Super League Enterprise, Inc. and David Steigelfest, dated October 31, 2017.	Exhibit 10.13 to the Registration Statement, filed on January 4, 2019.

10.14	Riot Games, Inc. Extension Letter, dated November 21, 2017.	Exhibit 10.14 to the Registration Statement, filed on January 4, 2019.
10.15	Form of Note Purchase Agreement, among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.15 to the Registration Statement , filed on January 4, 2019.
10.16	Form of Security Agreement, between Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.16 to the Registration Statement, filed on January 4, 2019.
10.17	Form of Intercreditor and Collateral Agent Agreement, among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.17 to the Registration Statement , filed on January 4, 2019.
10.18	Form of Investors' Rights Agreement (9% Secured Convertible Promissory Notes), among Super League Enterprise, Inc. and certain accredited investors.	Exhibit 10.18 to the Registration Statement , filed on January 4, 2019.
10.19	Master Service Agreement and Initial Statement of Work between Super League Enterprise, Inc. and Logitech Inc., dated March 1, 2018.	Exhibit 10.19 to the Registration Statement , filed on January 4, 2019.
10.20	Asset Purchase Agreement, between Super League Enterprise, Inc. and Minehut, dated June 22, 2018.	Exhibit 10.20 to the Registration Statement, filed on January 4, 2019.
10.21†	Amended and Restated Employment Agreement, between Super League Enterprise, Inc. and Ann Hand, dated November 15, 2018.	Exhibit 10.21 to the Registration Statement , filed on January 4, 2019.
10.22†	Amended and Restated Employment Agreement, between Super League Enterprise, Inc. and David Steigelfest, dated November 1, 2018.	Exhibit 10.22 to the Registration Statement, filed on January 4, 2019.
10.23†	Employment Agreement, between Super League Enterprise, Inc. and Matt Edelman, dated November 1, 2018.	Exhibit 10.23 to the Registration Statement, filed on January 4, 2019.
10.24†	Employment Agreement, between Super League Enterprise, Inc. and Clayton Haynes, dated November 1, 2018.	Exhibit 10.24 to the Registration Statement , filed on January 4, 2019.
10.25++	Commercial Partnership Agreement between Super League Enterprise, Inc., and ggCircuit, LLC, dated September 23, 2019.	Exhibit 10.1 to the Quarterly Report on Form 10-Q for the period ended September 30, 2019, filed November 14, 2019.
10.26	Form of Registration Rights Agreement, dated March 2021.	Exhibit 10.1 to the Current Report on Form 8-K, filed on March 11, 2021.
10.27	Form of Voting Agreement, dated March 2021.	Exhibit 10.2 to the Current Report on Form 8-K, filed on March 11, 2021.
10.28	Form of Securities Purchase Agreement, dated March 19, 2021.	Exhibit 10.1 to the Current Report on Form 8-K, filed on March 23, 2021.
10.29	Equity Distribution Agreement, dated as of September 3, 2021, by and between Super League Enterprise, Inc. and Maxim Group LLC.	Exhibit 1.3 to the Company's Registration Statement on Form S-3 (File No. 333-259347, filed September 7, 2021.
10.30	Share Purchase Agreement, by and between Super League Enterprise, Inc. and Bannerfy Ltd., dated August 11, 2021.	Exhibit 10.4 to the Quarterly Report on Form 10-Q for the period ended June 30, 2021, filed August 16, 2021.
10.31†	Executive Employment Agreement between Super League Gaming, Inc., and Ann Hand, dated January 5, 2022	Exhibit 10.1 to the Current Report on Form 8-K filed January 7, 2022.
10.32†	Executive Employment Agreement between Super League Gaming, Inc., and Clayton Haynes, dated January 5, 2022	Exhibit 10.2 to the Current Report on Form 8-K filed January 7, 2022.
10.33†	Executive Employment Agreement between Super League Gaming, Inc., and David Steigelfest, dated January 5, 2022	Exhibit 10.3 to the Current Report on Form 8-K filed January 7, 2022.
10.34†	Executive Employment Agreement between Super League Gaming, Inc., and Matt Edelman, dated January 5, 2022	Exhibit 10.4 to the Current Report on Form 8-K filed January 7, 2022.
10.35†	Executive Employment Agreement between Super League Gaming, Inc., and Michael Wann, dated January 5, 2022	Exhibit 10.5 to the Current Report on Form 8-K filed January 7, 2022.
10.36	Common Stock Purchase Agreement, dated March 25, 2022, by and between Super League Enterprise, Inc. and Tumim Stone Capital LLC	Exhibit 10.31 to the Annual Report on Form 10-K for the year ended December 31, 2021, filed March 31, 2022.
10.37	Securities Purchase Agreement between Super League Gaming, Inc., and the investor signatories thereto, dated May 16, 2022	Exhibit 10.1 to the Current Report on Form 8-K, filed May 16, 2022.
10.38	Registration Rights Agreement between Super League Gaming, Inc., and the investor signatories thereto, dated May 16, 2022	Exhibit 10.3 to the Current Report on Form 8-K, filed May 16, 2022.
10.39†	Transition Letter Agreement dated January 13, 2023, between Super League Gaming, Inc. and Mike Wann.	Exhibit 10.1 to the Current Report on Form 8-K, filed January 20, 2023.
10.40	Form of Placement Agency Agreement	Exhibit 10.32 to the Annual Report on Form 10-K for the year ended December 31, 2022, filed March 31, 2023
10.41	Form of Series A Subscription Agreement	Exhibit 10.33 to the Annual Report on Form 10-K for the year ended December 31, 2022, filed March 31, 2023

10.42	Form of Registration Rights Agreement	Exhibit 10.34 to the Annual Report on Form 10-K for the year ended December 31, 2022, filed March 31, 2023
10.43	Form of Series AA Subscription Agreement	Exhibit 10.1 to the Current Report on Form 8-K, filed on April 25, 2023
10.44	Form of Registration Rights Agreement	Exhibit 10.2 to the Current Report on Form 8-K, filed on April 25, 2023
10.45	Placement Agency Agreement by and between Aegis Capital Corp. and Super League Gaming, Inc., dated March 24, 2023.	Exhibit 10.1 to the Current Report on Form 8-K, filed on June 2, 2023
10.46	Underwriting Agreement, dated August 21, 2023, between Super League Gaming, Inc. and Aegis Capital Corp.	Exhibit 1.1 to the Current Report on Form 8-K filed on August 24, 2023
10.47	Warrant Agency Agreement, dated August 23, 2023, between Super League Gaming, Inc and Direct Transfer, LLC	Exhibit 4.2 to the Current Report on Form 8-K filed on August 24, 2023
10.48	Form of Series AAA Subscription Agreement	Exhibit 10.1 to the Current Report on Form 8-K filed on December 6, 2023
10.49	Form of Registration Rights Agreement	Exhibit 10.2 to the Current Report on Form 8-K filed on December 6, 2023
10.50	Form of Series A Exchange Agreement	Exhibit 10.3 to the Current Report on Form 8-K filed on December 6, 2023
10.51	Form of Series AA Exchange Agreement	Exhibit 10.4 to the Current Report on Form 8-K filed on December 6, 2023
10.52	Financing and Security Agreement, effective December 17, 2023, by and among Super League Enterprise, Inc., Mobcrush Streaming, Inc., InPVP, LLC and SLR Digital Finance, LLC	Exhibit 10.1 to the Current Report on Form 8-K filed on December 22, 2023
10.53	Placement Agency Agreement, dated November 6, 2023, between Super League Enterprise, Inc., and Aegis Capital Corporation	Exhibit 10.2 to the Current Report on Form 8-K filed on December 22, 2023
10.54	Mutual General Release and Settlement Agreement by and between 3i, LP, Nomis Bay Ltd. and BPY Limited and Super League Enterprise, Inc., dated March 12, 2024	Exhibit 10.1 to the Current Report on Form 8-K filed on March 15, 2024
10.55	Asset Purchase Agreement by and between Super League Enterprise, Inc. and GamerSafer, Inc.	Exhibit 10.55 to the Annual Report on Form 10-K filed on April 15, 2024
10.56	Form of Series AAA Junior Subscription Agreement	Exhibit 10.1 to the Current Report on Form 8-K filed on July 2, 2024.
10.57++	Form of Registration Rights Agreement++	Exhibit 10.2 to the Current Report on Form 8-K filed on July 2, 2024.
10.58	Placement Agency Agreement, dated June 3, 2024, by and between Super League Enterprise, Inc., and Aegis Capital Corporation	Exhibit 10.1 to the Current Report on Form 8-K filed on July 16, 2024.
10.59	Form of Placement Agent Warrant	Exhibit 10.2 to the Current Report on Form 8-K filed on July 16, 2024
10.60++	Form of Series AAA-4 Junior Subscription Agreement ++	Exhibit 10.1 to the Current Report on Form 8-K filed on September 23, 2024.
10.61 ++	Form of Registration Rights Agreement ++	Exhibit 10.2 to the Current Report on Form 8-K filed on September 23, 2024.
10.62++	Form of Investor Warrant ++	Exhibit 10.3 to the Current Report on Form 8-K filed on September 23, 2024.
10.63	Form of Placement Agent Warrant	Exhibit 10.4 to the Current Report on Form 8-K filed on September 23, 2024.
10.64	Binding Term Sheet, dated September 30, 2024, between Super League Enterprise, Inc., and Infinite Reality, Inc.	Exhibit 10.1 to the Current Report on Form 8-K filed on October 4, 2024.
10.65	Equity Exchange Agreement, dated September 30, 2024, by and between Super League Enterprise, Inc., and Infinite Reality, Inc.	Exhibit 10.2 to the Current Report on Form 8-K filed on October 4, 2024.
10.66	Form of Securities Purchase Agreement, dated October 24, 2024	Exhibit 10.1 to the Current Report on Form 8-K filed on October 25, 2024.
10.67	Amended and Restated Equity Exchange Agreement, dated October 29, 2024	Exhibit 10.1 to the Current Report on Form 8-K filed on October 29, 2024.
10.68	Form of Indemnification Agreement	Exhibit 10.2 to the Current Report on Form 8-K filed on October 29, 2024.
10.69	Form of Note Purchase Agreement, dated November 19, 2024	Exhibit 10.1 to the Current Report on Form 8-K filed on November 21, 2024

10.70	Business Loan and Security Agreement, dated February 10, 2025, between Super League Enterprise, Inc. and Agile Capital Funding, LLC++	Exhibit 10.1 to the Current Report on Form 8-K filed on February 14, 2025
10.71	Equity Purchase Agreement, dated February 14, 2025, between Super League Enterprise, Inc. and Hudson Global Ventures, LLC	Exhibit 10.2 to the Current Report on Form 8-K filed on February 14, 2025
10.72	Registration Rights Agreement, dated February 14, 2025, between Super League Enterprise, Inc., and Hudson Global Ventures, LLC	Exhibit 10.3 to the Current Report on Form 8-K filed on February 14, 2025
10.73*	Securities Purchase Agreement, dated March 26, 2025, by and between Super League Enterprise, Inc., and 1800 Diagonal Lending, LLC	Filed herewith.
10.74*	Note Purchase Agreement, dated March 28, 2025, by and between Super League Enterprise, Inc. and Belleau Wood Capital, LP++	Filed herewith.
10.75*	Consulting Agreement, dated June 13, 2023, between Super League Enterprise, Inc., and Diamond Shoals, LLC	Filed herewith.
10.76*	Amended and Restated Consulting Agreement, effective as of October 6, 2023, by and between Super League Enterprise, Inc., and Diamond Shoals, LLC	Filed herewith.
10.77*	Amended Consulting Agreement, dated August 1, 2024, by and between Super League Enterprise, Inc., and Diamond Shoals, LLC	Filed herewith.
10.78*	Amended and Restated Consulting Agreement, dated March 28, 2025, by and between Super League Enterprise, Inc., and Diamond Shoals, LLC	Filed herewith.
14.1	Super League Enterprise, Inc. Code of Business Conduct and Ethics.	Exhibit 14.1 to the Registration Statement, filed on January 4, 2019.
19.1*	Super League Enterprise, Inc. Insider Trading Policy	Filed herewith.
21.1*	Subsidiaries of Registrant	Filed herewith.
23.1*	Consent of Independent Registered Public Accounting Firm – WithumSmith+Brown, PC	Filed herewith.
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.	Filed herewith.
31.2**	Certification of Principal Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act.	Furnished herewith.
32.1**	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act.	Furnished herewith.
97.1	Super League Enterprise, Inc. Clawback Policy	Exhibit 97.1 to the Annual Report on Form 10-K filed on April 15, 2024

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)

* Filed herewith.

** Furnished herewith.

† Identifies exhibits that consist of a management contract or compensatory plan or arrangement.

\+ Confidential treatment has been requested for certain confidential portions of this exhibit pursuant to Rule 406 under the Securities Act of 1933, as amended, and Rule 24b-2 under the Securities Exchange Act of 1934, as amended (together, the "Rules"). In accordance with the Rules, these confidential portions have been omitted from this exhibit and filed separately with the Securities and Exchange Commission.

++ 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.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
SUPER LEAGUE ENTERPRISE, INC.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Super League Enterprise, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Super League Enterprise, Inc. and subsidiaries (the “Company”) as of December 31, 2024 and 2023, and the related consolidated statements of operations, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company’s Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the entity has recurring and expected future losses and negative cash flows from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Revenue Recognition- Fixed Fee Revenue

Description of the Matter

As disclosed in Note 2 to the consolidated financial statements, the Company continues to generate 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. A portion of the Company's contracts with customers are recognized over time on a percentage of completion basis. In the case of a contract not being completed by year-end, the Company estimates the percentage of contract completion at year-end. The Company did so by using the input method, measuring the hours incurred against the total hours expected to be incurred throughout the entire contract to be able to calculate the revenue to be recognized in the current period. We identified the sufficiency of audit evidence over the accounting for revenue recognition as a critical audit matter. Subjective auditor judgment and an increased extent of effort was required to evaluate the sufficiency of audit evidence over accounting for revenue recognition due to the complexity involved in testing the Company's total hours expected to be incurred throughout the contract.

Audit Response

Our audit procedures to test the estimates and assumptions surrounding the fixed fee revenue recognition included obtaining a report downloaded directly from the Company's time-tracking software, that detailed the hours incurred on a specific job. We performed a walkthrough of Company's time-tracking software to gain reasonable assurance over the completeness and accuracy of the software's reports and tested the completeness and accuracy of the hours incurred to date. We tested the estimated hours used by management to determine revenue recognition and retrospectively reviewed past fixed fee contracts to ensure total estimated hours were materially accurate. We obtained total hours incurred, then compared this against the total hours expected to be incurred throughout the contract to recalculate the revenue recognized. We also tested for proper revenue recognition cut-off.

Modification of Additional Investment Rights ("AIRs")

Description of the Matter

In connection with the Company's Junior AAA preferred round closed in June 2024, certain AIRs right holders received modifications to their AIR rights, as disclosed in Note 7 to the consolidated financial statements. As of the AIR modification date, the Company utilized the Black Scholes option pricing model for the calculation of the fair value of the AIRs immediately before and after the modifications described above, using Level 3 inputs. We identified the sufficiency of audit evidence over the accounting for the modification to the AIR rights as a critical audit matter. Subjective auditor judgment and an increased extent of effort was required to evaluate the sufficiency of audit evidence over accounting for modification to the AIR rights due to the complexity involved. Any changes in the estimates and assumptions used could have a material impact in the amount of change in fair value.

Audit Response

We obtained and analyzed the technical memo from the Company to ensure it complied with accounting principles generally accepted in the United States of America. We utilized the knowledge, experience and expertise of our internal valuation specialist to execute the planned audit procedures related to the valuation by assessing the reasonableness of the methodologies employed to value the AIRs. We tested the underlying assumptions presented in the black-scholes option pricing models.

/s/ WithumSmith+Brown, PC

We have served as the Company's auditor since 2023.

Whippany, New Jersey
March 31, 2025

PCAOB ID Number 100

SUPER LEAGUE ENTERPRISE, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In U.S. dollars, rounded to the nearest thousands, except share and per share data)

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,310,000	$ 7,609,000
Accounts receivable	3,766,000	8,287,000
Prepaid expense and other current assets	677,000	862,000
Total current assets	5,753,000	16,758,000
Property and equipment, net	24,000	70,000
Intangible and other Assets, net	4,070,000	6,636,000
Goodwill	1,864,000	1,864,000
Total assets	$ 11,711,000	$ 25,328,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 5,282,000	$ 10,420,000
Accrued contingent consideration	138,000	1,812,000
Promissory note - contingent consideration	1,735,000	-
Contract liabilities	50,000	339,000
Secured loan – SLR Facility	24,000	800,000
Promissory notes payable and accrued interest	1,707,000	-
Promissory notes payable and accrued interest – related party	1,509,000	-
Total current liabilities	10,445,000	13,371,000
Deferred taxes	161,000	-
Accrued contingent consideration – long term	-	396,000
Warrant liability	935,000	1,571,000
Total liabilities	11,541,000	15,338,000
Commitments and Contingencies (Note 10)		
Stockholders' Equity		
Preferred stock, par value $0.001 per share; 10,000,000 shares authorized; 17,499 and 23,656 shares issued and outstanding as of December 31, 2024 and 2023, respectively	-	-
Common stock, par value $0.001 per share; 400,000,000 shares authorized; 16,224,371 and 4,774,116 shares issued and outstanding as of December 31, 2024 and 2023, respectively	94,000	81,000
Additional paid-in capital	270,111,000	258,923,000
Accumulated deficit	(270,035,000)	(249,014,000)
Total stockholders' equity	170,000	9,990,000
Total liabilities and stockholders' equity	$ 11,711,000	$ 25,328,000

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

SUPER LEAGUE ENTERPRISE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In U.S. dollars, rounded to the nearest thousands, except share and per share data)

	2024	2023
REVENUES	$ 16,182,000	$ 25,079,000
COST OF REVENUES	10,080,000	15,297,000
GROSS PROFIT	6,102,000	9,782,000
OPERATING EXPENSE (INCOME)		
Selling, marketing and advertising	9,822,000	12,450,000
Engineering, technology and development	4,447,000	9,500,000
General and administrative	8,731,000	10,258,000
Contingent consideration	(144,000)	1,075,000
Loss on intangible asset disposal	-	2,284,000
Impairment of intangible assets	-	7,052,000
Total operating expense	22,856,000	42,619,000
NET OPERATING LOSS	(16,754,000)	(32,837,000)
OTHER INCOME (EXPENSE)		
Gain on sale of intangible assets	183,000	-
Interest expense, including change in fair value of promissory notes carried at fair value	(559,000)	(50,000)
Loss on extinguishment of liability - contingent consideration	(336,000)	-
Loss on exchange of preferred instruments	-	(681,000)
Change in fair value of warrant liability	1,115,000	2,898,000
Other	(123,000)	27,000
Total other income	280,000	2,194,000
LOSS BEFORE (PROVISION FOR) BENEFIT FROM INCOME TAXES	(16,474,000)	(30,643,000)
(Provision for) benefit from income taxes	(161,000)	313,000
NET LOSS	$ (16,635,000)	$ (30,330,000)
Net loss per share attributable to common stockholders – basic and diluted		
Basic and diluted loss per common share (1)	$ (2.35)	$ (13.67)
Weighted-average number of common shares outstanding, basic and diluted	8,940,304	2,799,044

(1) Refer to Note 2 for calculation of net loss attributable to common stockholders

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

SUPER LEAGUE ENTERPRISE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In U.S. dollars, rounded to the nearest thousands, except share and per share data)

	2024	2023
Preferred stock (Shares):		
Balance, beginning of period	23,656	10,323
Issuance of Series A preferred stock	-	-
Issuance of Series A-2 preferred stock	-	-
Issuance of Series A-3 preferred stock	-	-
Issuance of Series A-4 preferred stock	-	-
Issuance of Series A-5 preferred stock at $1,000 per share	-	2,299
Issuance of Series AA preferred stock at $1,000 per share	-	7,680
Issuance of Series AA-2 preferred stock at $1,000 per share	-	1,500
Issuance of Series AA-3 preferred stock at $1,000 per share	-	1,025
Issuance of Series AA-4 preferred stock at $1,000 per share	-	1,026
Issuance of Series AA-5 preferred stock at $1,000 per share	-	550
Issuance of Series AAA preferred stock at $1,000 per share	-	5,377
Issuance of Series AAA-2 preferred stock at $1,000 per share	-	2,978
Issuance of Series AAA Junior preferred stock at $1,000 per share	1,210	-
Issuance of Series AAA-2 Junior preferred stock at $1,000 per share	551	-
Issuance of Series AAA-3 Junior preferred stock at $1,000 per share	697	-
Issuance of Series AAA-4 Junior preferred stock at $1,000 per share	399	-
Series AAA-1 Issued in Exchange for Series A & AA Preferred	-	4,011
Series AAA-2 Issued in Exchange for Series A & AA Preferred	-	2,356
Exchanged Series A and AA Preferred stock	-	(6,367)
Conversions of Series A Preferred stock to common stock	(2,169)	(5,761)
Conversions of Series AA Preferred stock to common stock	(1,936)	(3,116)
Conversions of Series AAA Preferred stock to common stock	(3,954)	(225)
Conversions of Series AAA Junior Preferred stock to common stock	(955)	-
Balance, end of period	17,499	23,656
Preferred stock (Amount, at Par Value):		
Balance, beginning of period	$ -	$ -
Issuance of Series A preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series A-2 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series A-3 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series A-4 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series A-5 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AA preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AA-2 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AA-3 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AA-4 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AA-5 preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AAA preferred stock, $0.001 par value, at $1,000 per share	-	-
Issuance of Series AAA-2 preferred stock, $0.001 par value, at $1,000 per share	-	-
Series AAA-1 Issued in Exchange for Series A & AA Preferred	-	-
Series AAA-2 Issued in Exchange for Series A & AA Preferred	-	-
Exchanged Series A and AA Preferred stock	-	-
Conversions of Series A Preferred stock	-	-
Conversions of Series AA Preferred stock	-	-
Conversions of Series AAA Preferred stock	-	-
Balance, end of period	$ -	$ -
Common stock (Shares):		
Balance, beginning of period	4,774,116	1,880,299
Issuance of common stock at $0.88 per share, net of issuance costs	1,136,000	-
Issuance of common stock at $2.60 per share, net of issuance costs	-	811,270
Exercise of prefunded common stock warrants at $2.60 per share, net of issuance costs	-	67,500
Common stock issued for Melon Acquisition	72,118	77,834
Common stock issued for Bannerfy Acquisition	-	8,985
Common stock issued for Super Biz Acquisition	30,662	49,400
Stock-based compensation	591,126	69,666
Conversion of Series A preferred stock	201,133	520,931
Conversion of Series AA preferred stock	995,958	922,097
Conversion of Series AAA preferred stock	2,333,125	133,153
Conversion of Series AAA Junior preferred stock	764,000	-
Preferred stock dividends paid – common stock	4,276,133	232,981
Other	1,050,000	-
Balance, end of period	16,224,371	4,774,116
Common stock (Amount, at Par Value):		
Balance, beginning of period	$ 81,000	$ 47,000
Issuance of common stock at $0.88 per share, net of issuance costs	1,000	-
Issuance of common stock at $2.60 per share, net of issuance costs	-	16,000

Exercise of prefunded common stock warrants at $2.60 per share, net of issuance costs		-		1,000
Preferred stock dividends paid		7,000		-
Conversion of Series A, AA, AAA and AAA Junior preferred stock		4,000		15,000
Stock-based compensation		-		-
Common stock issued for Super Biz Acquisition		-		1,000
Common stock issued for Melon Acquisition		-		1,000
Common stock issued for Bannerfy Acquisition		-		-
Other		1,000		-
Balance, end of period	$	94,000	$	81,000
Additional paid-in-capital:				
Balance, beginning of period	$	258,923,000	$	229,900,000
Issuance of Series A preferred stock at $1,000 per share, net of issuance costs		-		-
Issuance of Series A-2 preferred stock at $1,000 per share, net of issuance costs		-		-
Issuance of Series A-3 preferred stock at $1,000 per share, net of issuance costs		-		-
Issuance of Series A-4 preferred stock at $1,000 per share, net of issuance costs		-		-
Issuance of Series A-5 preferred stock at $1,000 per share, net of issuance costs		-		1,919,000
Issuance of Series AA preferred stock at $1,000 per share, net of issuance costs		-		5,319,000
Issuance of Series AA-2 preferred stock at $1,000 per share, net of issuance costs		-		1,278,000
Issuance of Series AA-3 preferred stock at $1,000 per share, net of issuance costs		-		690,000
Issuance of Series AA-4 preferred stock at $1,000 per share, net of issuance costs		-		681,000
Issuance of Series AA-5 preferred stock at $1,000 per share, net of issuance costs		-		379,000
Series AA Preferred additional investment rights		-		1,794,000
Issuance of Series AAA preferred stock at $1,000 per share, net of issuance costs		-		4,488,000
Issuance of Series AAA-2 preferred stock at $1,000 per share, net of issuance costs		-		2,591,000
Issuance of Series AAA Junior preferred stock at $1,000 per share, net of issuance costs		751,000		-
Series AAA Junior preferred stock noncash issuance costs – incremental fair value in connection with modifications to certain existing AIRs		294,000		-
Issuance of Series AAA-2 Junior preferred stock at $1,000 per share, net of issuance costs		453,000		-
Issuance of Series AAA-3 Junior preferred stock at $1,000 per share, net of issuance costs		529,000		-
Issuance of Series AAA-4 Junior preferred stock at $1,000 per share, net of issuance costs		366,000		-
Common stock purchase warrants issued – Series AAA-3 and Series AAA-4 Junior preferred stock		(346,000)		-
Issuance of common stock at $0.88 per share, net of issuance costs		999,000		-
Issuance of common stock at $2.60 per share, net of issuance costs		-		1,745,000
Exercise of prefunded common stock warrants at $2.60 per share, net of issuance costs		-		159,000
Conversion of Series A, AA and AAA preferred stock		(3,000)		(15,000)
Preferred stock dividends paid – common stock		4,381,000		374,000
Deemed dividend on Series AA Preferred Stock		-		7,567,000
Common stock purchase warrants issued to placement agent		(134,000)		(3,788,000)
Common stock issued for Melon Acquisition		90,000		721,000
Common stock issued for Bannerfy Acquisition		-		70,000
Common stock issued for Super Biz Acquisition		38,000		547,000
Stock-based compensation		1,209,000		2,504,000
Issuance of common stock and incremental fair value in connection with modifications to certain existing AIRs in settlement of legal matters		1,723,000		-
Prepaid consulting fees		281,000		-
Other		557,000		-
Balance, end of period	$	270,111,000	$	258,923,000
Accumulated Deficit:				
Balance, beginning of period	$	(249,014,000)	$	(210,743,000)
Deemed dividend on Series AA Preferred Stock		-		(7,567,000)
Preferred stock dividends paid – common stock		(4,386,000)		(374,000)
Net loss		(16,635,000)		(30,330,000)
Balance, end of period	$	(270,035,000)	$	(249,014,000)
Total stockholders' equity	$	170,000	$	9,990,000

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

SUPER LEAGUE ENTERPRISE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In U.S. dollars, rounded to the nearest thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (16,635,000)	$ (30,330,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,612,000	5,376,000
Stock-based compensation	1,289,000	2,735,000
Change in fair value of warrant liability	(1,115,000)	(2,898,000)
Change in fair value of contingent consideration	(252,000)	(545,000)
Change in fair value of debt at fair value	163,000	-
Gain on sale of intangible assets	(183,000)	-
Loss on extinguishment of liability – contingent consideration	336,000	-
Loss on exchange of placement agent warrants	-	681,000
Impairment of intangible assets and goodwill	-	7,052,000
Fair value of noncash legal settlement and other noncash charges	959,000	-
Loss on intangible asset disposal	-	2,284,000
Amortization of convertible notes discount	-	40,000
Changes in assets and liabilities:		
Accounts receivable	4,521,000	(2,113,000)
Prepaid expense and other current assets	821,000	146,000
Accounts payable and accrued expense	(3,960,000)	3,412,000
Accrued contingent consideration	(20,000)	(1,064,000)
Contract liabilities	(289,000)	228,000
Deferred taxes	161,000	(313,000)
Accrued interest on notes payable	130,000	(180,000)
Net cash used in operating activities	(11,462,000)	(15,489,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid in connection with Melon Acquisition, net	-	(150,000)
Proceeds from sale of Minehut Assets	192,000	
Purchase of property and equipment	(23,000)	(8,000)
Capitalization of software development costs	(452,000)	(650,000)
Acquisition of other intangible and other assets	-	(17,000)
Net cash used in investing activities	(283,000)	(825,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of preferred stock, net of issuance costs	2,393,000	19,295,000
Proceeds from issuance of common stock, net of issuance costs	1,000,000	1,885,000
Proceeds from notes payable, net of debt issuance costs	3,257,000	-
Payments on notes payable	(396,000)	-
Payments on convertible notes	-	(539,000)
Proceeds from accounts receivable facility	1,174,000	800,000
Payments on accounts receivable facility	(1,950,000)	-
Contingent consideration payments – Melon Acquisition	(32,000)	-
Net cash provided by financing activities	5,446,000	21,441,000
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,299,000)	5,127,000
CASH AND CASH EQUIVALENTS – beginning of year	7,609,000	2,482,000
CASH AND CASH EQUIVALENTS – end of year	$ 1,310,000	$ 7,609,000
SUPPLEMENTAL NONCASH INVESTING ACTIVITIES		
Issuance of common stock in connection with legal settlement	$ 1,440,000	$ 760,000
Issuance of common stock in connection with Melon Acquisition	90,000	722,000
Issuance of common stock in connection with the payment of Super Biz Contingent Consideration	38,000	548,000
Series AAA Junior preferred stock noncash issuance costs – incremental fair value in connection with modifications to certain AIRs	294,000	-
Issuance of common stock in connection with Bannerfy Acquisition	-	70,000
Issuance of Super Biz Note in connection with extinguishment of accrued contingent consideration liability	1,765,000	-

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

SUPER LEAGUE ENTERPRISE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

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

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

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

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.

Smaller Reporting Company Status and Disclosure of Critical Accounting Matters In the Auditors Opinion

We are a "smaller reporting company" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended. 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 Fiscal Year 2024. However, as described above we continue to be a "smaller reporting company."

As a result of no longer qualifying for "emerging growth company" status, our independent auditors, commencing with their audit of our consolidated financial statements as of and for the year ended December 31, 2024, are required by the Public Company Accounting Oversight Board ("PCAOB") to include a description of Critical Accounting Matters ("CAMs") as a component of their audit opinion commencing with the audit of our consolidated financial statements for Fiscal Year 2024.

A CAM is defined as any matter arising from the audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee, as a component of typical and customary matters required to be communicated to the audit committee each year and that:

- Relates to accounts or disclosures that are material to the financial statements; and
- Involved especially challenging, subjective, or complex auditor judgment.

The PCAOB requires auditors to communicate with the company's audit committee regarding certain matters related to the conduct of their audit, including information about the overall audit strategy, timing of the audit and the significant risks identified during the auditor's risk assessment procedures.

As described by the PCAOB, CAMs are intended to enhance the auditor's report to provide audit-specific information that is meaningful to investors and other financial statement users. Further, the purpose of CAMs is to shed light on certain matters in an audit that involved especially challenging, subjective, or complex auditor judgment.

Our auditors have included descriptions of CAMs surrounding their audit strategy and procedures for their audit of revenue recognition and their audit of the modification of certain AIRs related to preferred stock outstanding during Fiscal Year 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation

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

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 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 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 consolidated statements of operations for the periods presented, and had an accumulated deficit of $270.0 million as of December 31, 2024. Noncash stock compensation, amortization and impairment charges for the years ended December 31, 2024 and 2023 totaled $3.9 million and $17.3 million, respectively. For the years ended December 31, 2024 and 2023, net cash used in operating activities totaled $11.5 million and $15.5 million, respectively.

The Company had cash and cash equivalents of $1.3 million and $7.6 million as of December 31, 2024 and 2023, respectively.

To date, our principal sources of capital used to fund our operations and growth have been the net proceeds received from equity and debt financings. 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 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.

Entry into Financing Agreements

Agile II Promissory Note. On February 10, 2025, the Company entered into a Business Loan and Security Agreement, with Agile Capital Funding, LLC as 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") as described at Note 12. $1.5 million of the Agile II Note was used to repay the remaining balance under the Agile Note (as defined below), with net proceeds to the Company of approximately $875,000. Refer to Note 12 below.

1800 Diagonal Lending, LLC Securities Purchase Agreement. On March 26, 2025, the Company and 1800 Diagonal Lending, LLC, a Virginia limited liability company, or registered assigns ("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, (b) accrues interest at a rate of 10% per annum on the unpaid principal balance from the date the Diagonal Note was issued until the principal and interest becomes due and payable, and (c) interest begins to accrue on the Diagonal Issuance Date but shall not be payable until the Diagonal Note becomes payable. Refer to Note 12 below.

Belleau Note Purchase Agreement. On March 28, 2025, we entered into a note purchase agreement with Belleau Wood Capital, LP, or its assigns ("Belleau"). Pursuant to the note 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 consummation of the sale of the initial Belleau Note was consummated on March 27, 2025, with gross proceeds to the Company of $300,000. The consummation of the sale of the two remaining Belleau Notes will 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. 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; (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. Refer to Note 12 below.

Entry into Equity Purchase Agreement

On February 14, 2025, the Company entered into an equity purchase agreement with Hudson Global Ventures, LLC. Pursuant to the Equity Purchase Agreement, the Company has 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 of the Company's common stock, from time to time during the term of the equity purchase agreement, subject to certain limitations and conditions (the "Hudson Offering"), as described at Note 12. The Company intends to use the net proceeds, if any, 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 good or service. In this regard, revenue is recognized when: (i) the parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to perform their respective obligations; (ii) the entity can identify each party's rights regarding the goods or services to be transferred; (iii) the entity can identify the payment terms for the goods or services to be transferred; (iv) the contract has commercial substance (that is, the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract); and (v) it is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

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

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

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

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

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

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

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

Revenue was comprised of the following for the years ended December 31:

	2024	2023
Media and advertising	$ 6,696,000	$ 10,919,000
Publishing and content studio	8,607,000	12,732,000
Direct to consumer	879,000	1,428,000
	$ 16,182,000	$ 25,079,000

For the fiscal years ended December 31, 2024 and 2023, 47% and 24% of revenues were recognized at a single point in time, and 53% and 76% of revenues were recognized over time, respectively.

Contract assets totaled $372,000 at December 31, 2024, $546,000 at December 31, 2023, and $1,013,000 at December 31, 2022. Contract liabilities totaled $50,000 at December 31, 2024, $339,000 at December 31, 2023, and $111,000 at December 31, 2022. Revenue recognized during the year ended December 31, 2024 relating to contract liabilities as of December 31, 2023 totaled $289,000. Revenue recognized during the year ended December 31, 2023 relating to contract liabilities as of December 31, 2022 totaled $111,000.

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

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 consolidated statements of operations. Advertising expense for the fiscal years ended December 31, 2024 and 2023 was $101,000 and $134,000, 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.

Cash and Cash Equivalents

The Company considers all highly-liquid, short-term investments with original maturities of three months or less when purchased to be cash equivalents.

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 December 31, 2024 and 2023, 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 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 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").

Property and Equipment

Property and equipment are recorded at cost. Major additions and improvements that materially extend useful lives of property and equipment are capitalized. Maintenance and repairs are charged against the results of operations as incurred. When these assets are sold or otherwise disposed of, the asset and related depreciation are relieved, and any gain or loss is included in the consolidated statements of operations for the period of sale or disposal. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, typically over a three to five-year period.

Acquisitions

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

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

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

Intangible Assets

Intangible assets primarily consist of (i) internal-use software development costs, (ii) domain name, copyright and patent registration costs, (iii) commercial licenses and branding rights, (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 three 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

The Company currently has one reporting unit. The following table presents the changes in the carrying amount of goodwill as of December 31:

	2024	2023
Beginning Balance	$ 1,864,000	$ -
Acquisitions (See Note 5)	-	1,864,000
Ending Balance	$ 1,864,000	$ 1,864,000

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

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

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

At December 31, 2024 and 2023, the Company bypassed the optional qualitative assessment and performed a quantitative goodwill impairment test. We utilized the market capitalization of the Company as of December 31, 2024 and 2023, a Level 1 input, to estimate the fair value of the Company's single reporting unit. Based on the analysis, the estimated fair value of our reporting unit at December 31, 2024 and 2023 was approximately $27.0 million and $29.1 million, respectively, compared to a carrying value of our single reporting unit of approximately $0.17 million and $10.0 million as of December 31, 2024 and 2023, respectively. Based on the analysis, the fair value of our single reporting unit exceeded its carrying value as of December 31, 2024 and 2023, and therefore, the Company concluded that goodwill was not "more likely than not" impaired as of December 31, 2024 and 2023, respectively.

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.

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 consolidated balance sheets. For the years ended December 31, 2024 and 2023, financing costs charged against gross proceeds in connection with equity financings totaled $343,000 and $2,735,000, respectively. Deferred financing costs, included in prepaid expense and other current assets, at December 31, 2024 and 2023, totaled $64,000 and $282,000, respectively.

Specific incremental costs directly attributable to a proposed or actual debt offering are reported in the 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 consolidated statements of operations. For the years ended December 31, 2024 and 2023, debt financing costs expensed as incurred in connection with debt financings totaled $180,000 and $0, respectively.

Debt

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

The Company accounted for certain promissory notes issued, as described at Note 6, 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 consolidated statements of operations. With respect to the promissory notes described at Note 6, 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 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 consolidated statements of operations.

The fair value of the promissory notes described at Note 6 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 6 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.

Debt Modifications

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

Transfers of Financial Assets

The Company accounts for transfers of financial assets as sales when it has surrendered control over the related assets. Whether control has been relinquished requires, among other things, an evaluation of relevant legal considerations and an assessment of the nature and extent of the Company's continuing involvement with the assets transferred. Gains and losses stemming from transfers reported as sales, if any, are included in the consolidated statements of operations. Assets obtained and liabilities incurred in connection with transfers reported as sales are initially recognized in the consolidated 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 consolidated balance sheets and continue to be reported and accounted for as if the transfer had not occurred. Cash proceeds from these transfers are reported as liabilities, with attributable interest expense recognized over the life of the related transactions. Commitment fees charged irrespective of drawdown activity are recognized as expense on a straight line basis over the commitment period and included in other income (expense) in the consolidated statements of operations. Refer to Note 6 for additional information.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk are cash equivalents and accounts receivable. The Company places its cash equivalents in highly rated money market funds. 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:

	Year Ended December 31,	
	2024	**2023**
Number of customers > 10% of revenues / percent of revenues	Two / 20%	One / 14%

Revenue concentrations were comprised of the following revenue categories:

	Year Ended December 31,	
	2024	**2023**
Advertising and sponsorships	10%	3%
Publishing and content studio	10%	11%
	20%	14%

	December 31, 2024	**December 31, 2023**
Number of customers > 10% of accounts receivable / percent of accounts receivable	Three / 45%	Three / 55%
Number of vendors > 10% of accounts payable / percent of accounts payable	Two / 21%	Two / 37%

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, totaling 3,652,000 and 2,250,000 at December 31, 2024 and 2023, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive. Common stock potentially issuable in connection with the conversion of outstanding preferred stock totaling 10,117,000 and 12,127,000 at December 31, 2024 and 2023, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive. Common stock potentially issuable in connection with the exercise of outstanding additional investment rights, as described at Note 7, totaling 8,414,000 and 1,682,000 at December 31, 2024 and 2023, respectively, have been excluded from the computation of diluted loss per share because the effect of inclusion would have been anti-dilutive.

A reconciliation of net loss to net loss attributable to common stockholders is as follows as of December 31:

	2024	2023
Net loss	$ (16,635,000)	$ (30,330,000)
Deemed dividend on Series AA Preferred Stock – down round feature	-	(7,567,000)
Preferred Dividends paid in shares of common stock	(4,386,000)	(374,000)
Net loss attributable to common stockholders	$ (21,021,000)	$ (38,271,000)

Modifications and Exchanges of Preferred Stock and Preferred Stock Instruments

Preferred Stock

Changes to the terms of the Company's preferred stock or exchanges of shares of the Company's preferred stock for another, are assessed to determine whether the changes or exchange should be accounted for as either a modification or an extinguishment. This assessment can be done either qualitatively or quantitatively based upon the significance of the change. When preferred stock is modified in a manner that cannot be reliably assessed qualitatively, the Company performs a quantitative test to determine whether the modification or exchange should be accounted for as a modification or an extinguishment.

The Company applies the cash flow model used to assess debt modifications in ASC 470-50, Debt – "Modifications and Extinguishments," to determine whether a modification or exchange of preferred stock should be accounted for as a modification or extinguishment. Under that model, the present value of the contractual cash flows is compared before and after a modification or exchange. If the present value of the contractual cash flows is ten percent or more, the modification or exchange is accounted for as an extinguishment; if the present value of the contractual cash flows differs by less than ten percent, the modification or exchange is accounted for as a modification.

If the assessment results in an extinguishment, then the difference between the fair value of the new or modified preferred stock and the carrying value of the original preferred stock is recognized as a reduction of, or increase to, retained earnings, as a deemed dividend. The difference is also recognized as an adjustment to earnings available to common shareholders for purposes of calculating earnings per share. If the assessment results in a modification, the Company measures any transfer of value between preferred shareholders and common shareholders as the difference between the fair value of the preferred stock before and after the modification or exchange, measured on the modification or exchange date. Transfers of value are recorded as a reduction of, or increase to, retained earnings as a deemed dividend. In addition, transfers of value are recognized as an adjustment to earnings available to common shareholders for purposes of calculating earnings per share.

In December 2023, 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 Agreement, the "Exchange Agreements"), with certain holders (the "Holders") of the Company's Series A Preferred Stock, and Series AA Preferred Stock. The difference between the fair value of the new or modified preferred stock and the carrying value of the original preferred stock totaled $0, resulting in no impact on retained earnings for the periods presented. Refer to Note 7 for additional information.

Preferred Stock Instruments

For preferred stock instruments classified as liabilities under ASC 480 (see placement agent and AAA Junior Preferred related warrants described at Note 7), the Company follows the accounting models for the modification or extinguishment of debt, which require that modifications or exchanges of preferred stock instruments classified as liabilities are considered extinguishments, with gains or losses recognized in current earnings if the terms of the new instrument and/original instrument are substantially different.

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 consolidated balance sheets until paid.

Certain of the Company's outstanding preferred stock contain a conversion price down round feature subject to a contractual floor pursuant to the underlying rights in the applicable certificate of designation. Upon the occurrence of a triggering event that results in a reduction of the conversion price for an equity-classified convertible preferred stock, the Company measures the value of the effect of the feature as the difference between the fair value of the financial instrument without the down round feature, with a conversion price corresponding to the currently stated conversion price of the issued instrument, and the fair value of the financial instrument without the down round feature with a conversion price corresponding to the reduced conversion price upon the down round feature being triggered. The value of the effect of a down round feature that is triggered is recognized as a charge to retained earnings and a reduction to income available to common stockholders in the computation of earnings per share. For the years ended December 31, 2024 and 2023, total charges to retained earnings as a result of the triggering of down round features related to Series AA Preferred stock totaled $0 and $7,567,000, respectively. Refer to Note 7 for additional information.

Income Taxes

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

Under U.S. GAAP, a tax position is a position in a previously filed tax return, or a position expected to be taken in a future tax filing that is reflected in measuring current or deferred income tax assets and liabilities. Tax positions are recognized only when it is more likely than not, based on technical merits, that the position will be sustained upon examination. Tax positions that meet the more likely than not thresholds are measured using a probability weighted approach as the largest amount of tax benefit being realized upon settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately forecast actual outcomes. Management believes the Company has no uncertain tax positions for the years ended December 31, 2024 and 2023.

The Company has elected to include interest and penalties related to its tax contingences as a component of income tax expense. There were no accruals for interest and penalties related to uncertain tax positions for the periods presented. Income tax returns remain open for examination by applicable authorities, generally three years from filing for federal and four years for state. The Company is not currently under examination by any taxing authority nor has it been notified of an impending examination.

Contingencies

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

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Recent Accounting Guidance

Recently Adopted Accounting Pronouncements.

ASU	Description	Date Adopted
Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07)	This ASU requires that an entity report segment information in accordance with Topic 280, Segment Reporting. The amendment in the ASU is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The adoption of this standard did not have a material impact on the Company's consolidated financial statements. Refer to Note 11 for related disclosures.	December 31, 2024

Recently Issued Accounting Pronouncements.

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

ASU	Description	Effective Date
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. Early adoption is permitted. The Company is currently evaluating the impact this standard will have on our Consolidated Financial Statements and related disclosures.	Fiscal years beginning after December 15, 2024
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 evaluating the impact this standard will have on its Consolidated Financial Statements and related disclosures.	Fiscal years beginning after December 15, 2026

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2024	2023
Computer hardware	$ 3,346,000	$ 3,322,000
Furniture and fixtures	356,000	356,000
	3,702,000	3,678,000
Less: accumulated depreciation and amortization	(3,678,000)	(3,608,000)
	$ 24,000	$ 70,000

Depreciation and amortization expense for property and equipment was $70,000 and $85,000 for the years ended December 31, 2024 and 2023, respectively.

4. INTANGIBLE AND OTHER ASSETS

Intangible and other assets consisted of the following as of December 31:

	2024	2023	Weighted Average Amortization Period (Years)
Partner and customer relationships	$ 7,645,000	$ 7,645,000	6.5
Capitalized software development costs	4,774,000	5,912,000	3.0
Capitalized third-party game property costs	500,000	500,000	5.0
Developed technology	3,931,000	3,931,000	5.0
Influencers/content creators	2,559,000	2,559,000	4.5
Trade name	209,000	209,000	5.0
Domain	68,000	68,000	10.0
Copyrights and other	745,000	825,000	5.5
	20,431,000	21,649,000	5.0
Less: accumulated amortization	(16,361,000)	(15,013,000)	
Intangible and other assets, net	$ 4,070,000	$ 6,636,000	

Total amortization expense included in operating expense for the fiscal years ended December 31, 2024 and 2023 totaled $2,544,000 and $5,238,000, respectively. Amortization expense included in cost of revenues for the fiscal years ended December 31, 2024 and 2023 totaled $0 and $53,000, respectively.

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 will receive $1.0 million of purchase consideration for the Minehut Assets, which amount will be paid by GamerSafer in revenue and royalty sharing over a multiple-year period, as described in the GS Agreement. Other than with respect to the GS Agreement, there is no relationship between the Company or its affiliates with GamerSafer or its affiliates. The transaction allows Super League to streamline its position in partnering with major brands to build, market, and operate 3D experiences across multiple immersive platforms, including open gaming powerhouses like Minecraft, and aligns with the Company's cost improvement initiatives. Super League and GamerSafer will maintain a commercial relationship which ensures that Minehut can remain an ongoing destination available to Super League's partners. The carrying value of Minehut related assets totaled $475,000 as of February 26, 2024, comprised of total carrying costs of $1,671,000, net of accumulated amortization of $1,196,000, and historically were included in intangible assets, net in the 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 consolidated statements of operations. 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 through December 31, 2024, totaled $39,000. For the year ended December 31, 2024, the Company calculated royalties due from GamerSafer, applied against the Minehut Purchase Consideration receivable pursuant to the GS Agreement, totaling $658,000.

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

Impairment Charges

In the fourth quarter of 2023 we recorded a non-cash impairment charge related to our partner relationship related intangible assets, comprised of our Microsoft Minecraft server and InPvP developed technology intangible assets originally acquired in connection with the acquisition of Mobcrush, Inc. in June 2021. The 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 significant underperformance relative to expected historical or projected future operating results, and significant changes in the manner of our use of the acquired assets or the strategy in the context of our overall business. Due to underperformance relative to historical and projected future operating results and a decision to deploy resources in other areas of the business, we performed an impairment analysis and determined that the sum of the expected undiscounted future cash flows resulting from the use of the intangible assets was less than the carrying amount of the assets, resulting in an impairment loss totaling $7,052,000, which is recorded in the consolidated statements of operations for the year ended December 31, 2023. The fair value was determined using a discounted cash flow approach (using Level 3 inputs), with cash flow projections over the remaining life of the intangible assets of 5 years and a discount rate of 16% based on the Company's estimated cost of capital. The impairment charge was based on the difference between the calculated fair value of the intangible assets totaling $860,000 and the carrying value of the applicable intangible assets which totaled $7,912,000 as of December 31, 2023.

Other

In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers. The assets were disposed of in connection with management's review of operations and decision to allocate resources elsewhere. As a result, the Company recorded a disposal of net developed technology related intangible assets acquired in connection with the acquisition of Bannerfy totaling $2,284,000, which is included in "Loss on intangible asset disposal" in the accompanying consolidated statements of operations for the year ended December 31, 2023. Developed technology related intangibles asset acquisition costs were reduced $3,069,000, and related accumulated depreciation was reduced $785,000, in connection with the disposal of the intangible asset.

The Company expects to record aggregate amortization expense for each of the five succeeding fiscal years as follows:

For the years ending December 31,		
2025	$	2,092,000
2026		1,208,000
2027		520,000
2028		237,000
2029		13,000
Thereafter		-
	$	4,070,000

Intangible asset amortization expense for the periods presented was included in the following operating expense line items:

	Fiscal Year Ended December 31,			
	2024		**2023**	
Sales, marketing and advertising	$	773,000	$	2,125,000
Engineering, technology and development		1,070,000		2,331,000
General and administrative		701,000		782,000
Total amortization expense	$	2,544,000	$	5,238,000

5. ACQUISITIONS

Acquisition of Melon, Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The change in accrued Melon Contingent Consideration, which is included in contingent consideration expense in the consolidated statements of operations for the years ended December 31, 2024 and 2023, was comprised of the following:

		2024		2023
Beginning balance	$	538,000	$	-
Contingent Consideration – Initial accrual – May 2023		-		1,350,000
Change in fair value(4)		(148,000)		(682,000)
Current period accrued contingent consideration		(130,000)		61,000
Post closing adjustments(2)		-		(191,000)
Contingent consideration payments (3)		(122,000)		-
Accrued contingent consideration(1)	$	138,000	$	538,000

(1) As of December 31, 2024, the accrual for the Melon Second Earn Out Period included 35,775 shares of common stock valued at $0.62, the closing price of our common stock as of December 31, 2024. As of December 31, 2023, the accrual for the Melon First Earn Out Period totaling $333,000, included 72,118 shares of common stock valued at $1.52, the closing price of our common stock as of December 31, 2023.

(2) The Melon Purchase Agreement provided for adjustments to the calculated Melon Contingent Consideration amounts to account for advanced payments made to Melon from customers prior to the Melon Acquisition Date, for which the corresponding work was not performed as of the Melon Acquisition Date.

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

(4) Reflected in the consolidated statements of operations for the applicable period.

Aggregated amortization expense for the years ended December 31, 2024 and 2023, related to intangible assets acquired in connection with the Melon Acquisition, totaled $107,000 and $90,000, respectively. Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill recorded in connection with the Melon Acquisition is primarily attributable to expected synergies from combining the operations and assets of Super League and Melon, and also includes residual value attributable to the assembled and trained workforce acquired in the acquisition.

Management is primarily responsible for determining the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed as of the Melon Closing Date. Management considered a number of factors, including reference to a preliminary independent analysis of estimated fair values solely for the purpose of allocating the purchase price to the assets acquired and liabilities assumed. The analysis included a discounted cash flow analysis which estimated the future net cash flows expected to result from the respective assets acquired as of the Melon Closing Date. A discount rate consistent with the risks associated with achieving the estimated net cash flows was used to estimate the present value of future estimated net cash flows.

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

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

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

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

	2023	2022
Revenue	$ 25,794,000	$ 22,451,000
Net Loss	(31,178,000)	(88,463,000)

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

Acquisition of Super Biz – Contingent Consideration

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

Pursuant to the terms and subject to the conditions of the Super Biz Purchase Agreement, up to an aggregate amount $11.5 million 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 is payable in the form of both cash and shares of the Company’s common stock, in equal amounts, as more specifically set forth in the Super Biz Purchase Agreement.

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

The change in accrued Super Biz Contingent Consideration and the related income statement impact was comprised of the following for the years ended December 31:

	2024	2023
Beginning balance	$ 1,670,000	$ 3,206,000
Change in fair value(3)	(9,000)	137,000
Current period accrued contingent consideration	142,000	1,750,000
Contingent consideration payments(2)	(38,000)	(3,423,000)
Issuance of Super Biz Note (as described below)(1)	(1,765,000)	-
Accrued contingent consideration(1)	$ -	$ 1,670,000

(1) As of December 31, 2024, reflects the cash portion of the Super Biz Second Earn Out Period related contingent consideration payable. As of December 31, 2023, included 27,968 shares of common stock valued at $1.52, the closing price of our common stock as of December 31, 2023.

(2) In May 2024, the Company paid accrued contingent consideration related to the Super Biz Second Earn Out Period, comprised of 30,330 shares of our common stock valued at $38,000. In April 2023, the Company paid accrued contingent consideration related to the Initial Earn Out Period, comprised of $2.9 million of cash payments and payment of 49,399 shares of our common stock valued at $548,000.

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

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

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

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

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

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

Interest accrues on the outstanding principal at the rate of 8.5% per annum, and accrues until the earlier of (i) repayment of the Super Biz Note in full, or (ii) the Maturity Date; provided, however, during the existence of an event of default, as defined in the Super Biz Note, interest shall accrue on all outstanding principal at the contractual default rate, as defined in the Super Biz Note. Super Biz Note related interest expense for the year ended December 31, 2024 totaled $64,000.

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

Restricted Common Stock Issuance. In addition, in connection with the issuance of the Super Biz Note, in January 2025, the Company issued 262,501 shares of the Company's common stock to the Founders.

The issuance of the Super Biz Note in exchange for the related accrued contingent consideration balance was accounted for as an extinguishment of the original liability due to the fact that the present value of the cash flows under the terms of Super Biz Note was determined to be at least 10 percent different from the present value of the remaining cash flows under the terms of the original obligation. As a result, a loss on extinguishment totaling $336,000 was recorded in the consolidated statements of operations, and credited to additional paid-in capital (included in "Other" in the consolidated statements of stockholder's equity), for the year ended December 31, 2024, primarily comprised of the fair value of the 262,501 shares of restricted stock (based on closing price of our common stock on the date of issuance of the Super Biz Note) to be issued, as described above.

The default interest provision included in the Super Biz Note represents an embedded derivative with an initial fair value of $171,000 as of August 1, 2024, the date of issuance of the Super Biz Note. The fair value of the derivative liability is included in the December 31, 2024 consolidated balance sheets under the caption “Promissory note – contingent consideration,” and is required to be marked to market at each balance sheets. As of December 31, 2024 the fair value of the default interest provision derivative liability was $77,000. The change in fair value of the default interest provision derivative liability for the year ended December 31, 2024 totaled $94,000, and is included in other income (expense) in the consolidated statements of operations.

6. DEBT

Promissory Notes Accounted for at Fair Value

Agile Capital - Debt Financing

On November 8, 2024 (the “Agile Effective Date”), the Company entered into a loan agreement with Agile Capital Funding, LLC, as collateral agent (“Agile”)(“ the Agile 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 Note”). Pursuant to the Agile Loan Agreement: (i) the Agile Note matures 28 weeks from the Agile Effective Date; (ii) carries an aggregate total interest payment of approximately $0.78 million (the “Applicable Rate”), and (iii) immediately upon the occurrence and during the continuance of an Event of Default (as defined in the Agile Loan Agreement), interest shall accrue at a fixed per annum rate equal to the Applicable Rate plus five percent. The Company is required to repay all the obligations due under the Agile Loan Agreement and the Agile Note in 28 equal payments of $93,821 with the first payment being made to Agile on November 14, 2024, and every seven days thereafter until the Maturity Date. The proceeds received from the Agile Note were used to fund general working capital needs.

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

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

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

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

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 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.

The Agile Note and the RP Note are accounted for at fair value as described in Note 2, measured using Level 3 inputs with the following impact on the consolidated financial statements as of and for the year ended December 31, 2024:

	Agile Note	RP Note
Gross Proceeds	$ 1,850,000	$ 1,500,000
Fair Value at issuance date	2,132,000	1,343,000
Difference between proceeds and fair value at issuance(2)	282,000	157,000
Note balance – December 31, 2024	1,454,000	1,500,000
Fair value – December 31, 2024	1,679,000	1,438,000
Interest paid during the period	167,000	-
Accrued interest at period end	28,000	71,000
Change in fair value subsequent to issuance(2)	(57,000)	96,000
Debt issue costs expensed immediately in the consolidated statements of operations(1)	180,000	-
Interest Rate (Discount rate used in present value calculation)	42%	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.

(2) Reflected in interest expense in the 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.

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

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

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

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

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

Total amounts advanced and repaid under the AR Facility for the years ended December 31, 2024 and 2023 are reflected in financing activities in the consolidated statements of cash flows. Interest expense for the years ended December 31, 2024 and 2023 totaled $63,000 and $3,000 respectively. Commitment fee expense for the years ended December 31, 2024 and 2023 totaled $40,000 and $3,000, respectively.

Convertible Notes Payable at Fair Value

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

Amortization of original issue discount for the years ended December 31, 2024 and 2023 totaled $0 and $40,000, respectively. Interest paid during the years ended December 31, 2024 and 2023 totaled $0 and $180,000, respectively. At December 31, 2022, the remaining principal balance of the Notes totaled $539,000, and accrued interest totaled $180,000, both of which were paid in full during the three months ended March 31, 2023. As of March 31, 2023, all amounts of principal and interest under the Notes were fully paid, resulting in a Convertible note payable and accrued interest balance of $0.

7. STOCKHOLDERS’ EQUITY AND EQUITY-LINKED INSTRUMENTS

Reverse Stock Split

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

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

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

Bylaw Amendment

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

The Board adopted the 2024 Amendment to more practically obtain a quorum and conduct business at a Meeting. The Board based its decision on the increasing prevalence of brokerage firms opting to forgo discretionary or proportionate voting of the shares held by them in street name, which is making it increasingly difficult for companies with a large retail stockholder base to obtain a quorum of the majority. The change to the quorum requirement was made to improve the Company's ability to hold Meetings when called.

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

Common Stock

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

On May 30, 2023, the Company filed a Certificate of Amendment (the "2023 First Amendment") to its Second Amended and Restated Certificate of Incorporation, as amended (the "Charter"), increasing the number of authorized shares of common stock, par value $0.001 per share ("common stock") from 100,000,000 to 400,000,000. The Board previously approved the Amendment on March 17, 2023, and the Company obtained the approval of the 2023 First Amendment by written consent of its stockholders holding greater than 50% of the voting securities of the Company on April 5, 2023.

Equity Financings

Convertible Preferred Stock

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

		Preferred Stock				Proceeds			Conversion Shares - Common Stock			Other
Series Designation	**Closing Date**	**Conversion Prices(2)(3)(4)**	**Shares Purchased/ Issued in Exchange(6)**	**Conversions / Exchanges**	**Outstanding - December 31, 2024**	**Gross Proceeds**	**Fees**	**Net Proceeds**	**Original**	**Conversions / Exchanges(5)**	**December 31, 2024**	**Original Placement Agent Warrants(1)**
A	November 22, 2022	$ 12.40	5,359	(5,359)	-	$ 5,359,000	$ 697,000	$ 4,662,000	432,000	(432,000)	-	62,000
A-2	November 28, 2022	$ 13.29	1,297	(1,297)	-	1,297,000	169,000	1,128,000	98,000	(98,000)	-	14,000
A-3	November 30, 2022	$ 13.41	1,733	(1,733)	-	1,733,000	225,000	1,508,000	129,000	(129,000)	-	18,000
A-4	December 22, 2022	$ 7.60	1,934	(1,934)	-	1,934,000	251,000	1,683,000	254,000	(254,000)	-	36,000
A-5	January 31, 2023	$ 11.09	2,299	(1,519)	780	2,299,000	299,000	2,000,000	207,000	(137,000)	70,000	30,000
AA	April 19, 2023	$9.43/$1.89	7,680	(3,981)	3,699	7,680,000	966,000	6,714,000	4,072,000	(2,111,000)	1,961,000	112,000
AA-2	April 20, 2023	$10.43/$2.09	1,500	(1,500)	-	1,500,000	130,000	1,370,000	719,000	(719,000)	-	17,000
AA-3	April 28, 2023	$9.50/$1.90	1,025	(1,000)	25	1,025,000	133,000	892,000	539,000	(526,000)	13,000	16,000
AA-4	May 5, 2023	$9.28/$1.86	1,026	(526)	500	1,026,000	133,000	893,000	553,000	(283,000)	270,000	16,000
AA-5	May 26, 2023	$10.60/$2.12	550	(500)	50	550,000	72,000	478,000	259,000	(236,000)	23,000	8,000
AAA	November 30, 2023	$ 1.67	9,388	(1,993)	7,395	5,377,000	645,000	4,732,000	5,608,000	(1,191,000)	4,417,000	466,000
AAA-2	December 22, 2023	$ 1.71	5,334	(2,186)	3,148	2,978,000	357,000	2,621,000	3,119,000	(1,278,000)	1,841,000	253,000
AAA-Junior	June 26, 2024	$ 1.25	1,210	(845)	365	1,210,000	145,000	1,065,000	968,000	(676,000)	292,000	140,000
AAA-Junior - 2	July 10, 2024	$ 1.25	551	(110)	441	551,000	66,000	485,000	441,000	(88,000)	353,000	64,000
AAA-Junior - 3	September 20, 2024	$ 1.25	697	-	697	697,000	84,000	613,000	558,000	-	558,000	81,000
AAA-Junior – 4	September 30, 2024	$ 1.25	399	-	399	399,000	48,000	351,000	319,000	-	319,000	46,000
			41,982	(24,483)	17,499	$ 35,615,000	$ 4,420,000	$ 31,195,000	18,275,000	(8,158,000)	10,117,000	1,379,000

(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 $2.60 as a result of the Series AA Down Round Feature described below.

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

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

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

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

Convertible Preferred Stock Preferences, Rights and Limitations – General

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

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

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

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

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

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

Registration Rights. The Company and the investors in the Preferred Stock Offerings (including the Exchange) also executed separate registration rights agreements, pursuant to which the Company filed 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 88,403 shares of common stock of the Company that were issued in connection with the Series A and Series AA Preferred Stock offerings, at exercise prices ranging from $7.60 to $13.41 per share, for new placement agent warrants to purchase a total of 347,428 shares of common stock at an exercise price of $1.674 per share and 199,778 shares of common stock at an exercise price of $1.71 per share.

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

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

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

Term	Series AAA and AAA Junior Preferred	Series AA Preferred	Series A Preferred
Voting Rights – Certain Indebtedness	Holders shall vote as a separate class with respect to authorizing, creating, incurring, assuming, guaranteeing or suffering to exist any indebtedness for borrowed money of any kind outside of certain loans not to exceed $5,000,000 and accounts payable in the ordinary course of business, or entering into any agreement with respect to the foregoing.	Holders shall vote as a separate class with respect to authorizing, creating, incurring, assuming, guaranteeing or suffering to exist any indebtedness for borrowed money of any kind outside of accounts payable in the ordinary course of business, or entering into any agreement with respect to the foregoing.	Holders shall vote as a separate class with respect to authorizing, creating, incurring, assuming, guaranteeing or suffering to exist any indebtedness for borrowed money of any kind in excess of $5 million, or entering into any agreement with respect to the foregoing.
Additional Investment Rights (“AIRs”)	Subject to the approval by a majority of the voting securities of the Company (the “Stockholder Approval”), pursuant to the Subscription Agreements, Series AAA and AAA Junior Preferred Stock holders shall have the right to purchase shares of a newly designated series of preferred stock of the Company containing comparable terms (except for adjustments to the Conversion Price based on future equity issuances) as the applicable series of preferred stock (the “Series AAA Additional Investment Right”) from the date the SEC declares the related registration statement to be filed with the SEC pursuant to the applicable Registration Rights Agreement (as defined below) effective, to the date that is 18 months thereafter, for an additional dollar amount equal to the applicable initial investment amount at $1,000 per share (the “Original Issue Price”), with a conversion price equal to the original conversion price of the applicable series of preferred stock. No further additional investment rights shall be granted to investors that exercise the Series AAA Additional Investment Rights.	Pursuant to the Subscription Agreements, purchasers that (a) previously held shares of the Company’s Series A Preferred Stock, par value $0.001 per share, or (b) purchased at least $3.5 million in shares of Series AA Preferred Stock (subject to the acceptance of such lesser amounts in the Company’s sole discretion), shall have the right to purchase shares of a newly designated series of preferred stock of the Company containing comparable terms as the Series AA Preferred Stock (the “Series AA Additional Investment Right”) from the date of each respective closing through the date that is 18 months thereafter as follows: (i) such investor may purchase an additional dollar amount equal to its initial investment amount at $1,000 per share (the “AA Original Issue Price”), with a conversion price equal to the conversion price in effect on the date of original purchase; and (ii) such investor may purchase an additional dollar amount equal to its initial investment amount at the AA Original Issue Price, with a conversion price equal to 125% of the respective conversion price in effect on the date of original purchase. As of December 31, 2024, there were AIRs outstanding to purchase 17,832 shares of preferred stock with underlying conversion shares totaling 8,414,537, with a weighted average conversion price of $2.12.	**Not applicable**
Down Round Feature	Subject to the effectiveness of the Stockholder Approval, for twenty-four (24) months after the Filing Date, and subject to certain carveouts as described in the Series AAA Certificates of Designation, if the Company conducts an offering at a price per share less than the then effective conversion price (the “Future Offering Price”) consisting of common stock, convertible or derivative instruments, then in such event the conversion price of the Series AAA Preferred Stock shall be adjusted to the Future Offering Price, but not less than the Conversion Price Floor (as defined in the Series AAA Certificate of Designations).	For as long as Series AA Preferred Stock remains outstanding and subject to certain carveouts as described in the Series AA Certificates of Designations, if the Company conducts an offering at a price per share less than the then current conversion price (the “Future Offering Price”) consisting of common stock, convertible or derivative instruments, and undertaken in an arms-length third party transaction, then in such event the conversion price of the Series AA Preferred Stock shall be adjusted to the greater of: (a) the Future Offering Price and (b) the Conversion Price Floor (“ Series AA Down Round Feature”); and (ii) if as of the 24-month anniversary date of April 19, 2023, the VWAP for the five trading days immediately prior to such 24-month anniversary date is below the then current conversion price, the holder will receive a corresponding adjustment to the then conversion price, such adjustment not to exceed the Conversion Price Floor.	**Not applicable**

Exchange Agreements

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

Common Stock Purchase Warrants

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

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

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

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

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

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

	2024	2023
Series AAA Junior-3 and Series AAA Junior-4 Warrants:		
Beginning balance	$ -	$ -
Initial fair value of warrant liability – grant date[1]	346,000	-
Change in fair value	2,000	-
Subtotal - Fair value of warrant liability - Series AAA Junior -3 and Series AAA Junior – 4 Warrants	$ 348,000	$ -
Placement Agent Warrants:		
Beginning balance	$ 1,571,000	$ -
Initial fair value of warrant liability – grant date[1]	133,000	4,469,000
Change in fair value	(1,117,000)	(2,898,000)
Subtotal - Fair value of warrant liability – Placement Agent Warrants	$ 587,000	$ 1,571,000
Total fair value of warrant liability	$ 935,000	$ 1,571,000

(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:

	December 31, 2024	December 31, 2023
Expected Volatility	101%	98%
Risk–free interest rate	4.27% - 4.38%	3.84%
Dividend yield	-%	-%
Expected life of options (in years)	2.71 – 4.74	4.5 - 5.0

Preferred Stock Dividends

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

Fiscal Year Ended December 31, 2024:

Series Designation	Date	Dividend Shares	Fair Value Shares Issued (1)
Series A-2	November 28, 2024	1,430	$ 1,000
Series A-3	November 30, 2024	3,029	2,000
Series A-4	December 22, 2024	5,794	3,000
Series A-5	January 31, 2024	2,166	4,000
Series AA	April 19, 2024	476,271	661,000
	July 23, 2024	158,860	216,000
Series AA-3	April 29, 2024	41,159	60,000
	July 23, 2024	38,527	52,000
Series AA-4	May 6, 2024	55,497	77,000
	July 23, 2024	1,616	2,000
Series AA-5	May 30, 2024	51,887	65,000
	July 23, 2024	47,170	64,000
Series AAA	July 23, 2024	432,025	587,000
	December 16, 2024	742,553	415,000
Series AAA-2	July 23, 2024	490,295	666,000
	December 22, 2024	356,494	195,000
Series AAA-Junior	July 26, 2024	193,600	273,000
	August 26, 2024	193,600	240,000
	September 24, 2024	193,600	126,000
Series AAA-Junior - 2	August 9, 2024	88,160	97,000
	September 9, 2024	88,160	100,000
	October 10, 2024	88,160	90,000
Series AAA-Junior - 3	October 23, 2024	111,520	105,000
	November 19, 2024	111,520	76,000
	December 19, 2024	111,520	68,000
Series AAA-Junior - 4	October 30, 2024	63,840	65,000
	November 29, 2024	63,840	36,000
	December 30, 2024	63,840	40,000
		4,276,133	$ 4,386,000

Fiscal Year Ended December 31, 2023:

Series Designation	Date	Dividend Shares	Fair Value of Shares Issued(1)
Series A	December 26, 2023	35,717	$ 63,000
	December 29, 2023	51,926	79,000
Series A-2	December 26, 2023	13,507	24,000
	December 29, 2023	16,183	25,000
Series A-3	December 26, 2023	8,997	16,000
	December 29, 2023	7,203	11,000
Series A-4	December 22, 2023	21,771	39,000
	December 29, 2023	62,870	95,000
Series A-5	December 26, 2023	14,807	22,000
Total		232,981	$ 374,000

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

Dividend Acceleration. In June and July 2024, certain existing holders of Series A, AA and AAA Preferred Stock executed Series AAA Junior Preferred Stock Offering related dividend acceleration agreements ("2024 Dividend Acceleration Agreements") pursuant to which, in exchange for participation in the Series AAA Junior Preferred Stock Offering at or above a predefined threshold, all applicable remaining common stock dividends related to their existing Series A, AA and / or AAA Preferred Stock holdings were accelerated. A total of 1,168,493 shares of common stock dividends (included in the table above) were paid in July 2024 pursuant to the 2024 Dividend Acceleration Agreements, with a fair value of $1,589,000, based on the closing price of the Company's common stock on the date of issuance, which is reflected as a charge to accumulated deficit for the year ended December 31, 2024.

In December 2023, certain Series A Preferred stockholder year two dividends, as described above, were accelerated and paid in shares of the Company's common stock, pursuant to consent related dividend acceleration agreements executed during the period. A total of 114,452 shares of common stock (included in the table above) were paid on an accelerated basis with a fair value of $174,000 (included in the table above), which is reflected in accumulated deficit.

Modifications to Series AA and AAA Additional Investment Rights

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

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

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

In connection with the modifications to the Remaining Series AA AIRs described above, Remaining Series AA AIRs with initial underlying common shares totaling 667,289, were modified as described above, resulting in an incremental increase in fair value totaling $70,000 which was charged to other expense in the consolidated statements of operations for the year ended December 31, 2024. As a result of the reduction of the Remaining Series AA AIRs conversion price, total common shares underlying the modified Remaining Series AA AIRs increased to 3,336,293 shares.

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

Common Stock Issuances

Fiscal Year Ended December 31, 2024

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

Fiscal Year Ended December 31, 2023

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

On August 23, 2023, the Company issued the Firm Securities and closed the Offering at a public price of $2.60 per share, and $2.58 per share underlying each Pre-Funded Warrant, for net proceeds to the Company of approximately $1.8 million after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company. Use of net proceeds from the Series AA Offerings for the periods presented included working capital and general corporate purposes, including sales and marketing activities and product development. Each Pre-Funded Warrant had an exercise price per share of common stock equal to $0.001 per share. The Pre-Funded Warrants were fully exercised as of August 29, 2023.

8. STOCK-BASED INCENTIVE PLANS

The Super League 2014 Stock Option and Incentive Plan (the "Plan") was approved by the Board and the stockholders of Super League in October 2014. The Plan was subsequently amended as further described below. The Plan allows grants of stock options, stock awards and performance shares with respect to common stock of the Company to eligible individuals, which generally includes directors, officers, employees, advisors and consultants. The Plan provides for both the direct award and sale of shares of common stock and for the grant of options to purchase shares of common stock. Options granted under the Plan include non-statutory options as well as incentive options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended.

The Board administers the Plan and determines which eligible individuals are to receive option grants or stock issuances under the Plan, the times when the grants or issuances are to be made, the number of shares of common stock subject to each grant or issuance, the status of any granted option as either an incentive stock option or a non-statutory stock option under the federal tax laws, the vesting schedule to be in effect for the option grant or stock issuance and the maximum term for which any granted option is to remain outstanding. The exercise price of options is generally equal to the fair market value of common stock of the Company on the date of grant. Options generally begin to be exercisable one month after grant and typically expire 10 years after grant. Stock options and restricted shares generally vest on a straight line basis over four years (generally representing the requisite service period). The Plan terminates automatically on July 1, 2027. The Plan provides for the following programs:

- ***Option Grants***
  Under the discretionary option grant program, the Company's compensation committee of the Board may grant (1) non-statutory options to purchase shares of common stock to eligible individuals in the employ or service of Super League or its affiliates (including employees, non-employee members of the Board and consultants) at an exercise price not less than 85% of the fair market value of such shares on the grant date, and (2) incentive stock options to purchase shares of common stock to eligible employees at an exercise price not less than 100% of the fair market value of such shares on the grant date (not less than 110% of fair market value if such employee actually or constructively owns more than 10% of Super League's voting stock or the voting stock of any of its subsidiaries).

- ***Stock Awards or Sales***
  Under the stock award or sales program, eligible individuals may be issued shares of common stock of the Company directly, upon the attainment of performance milestones or the completion of a specified period of service or as a bonus for past services. Under this program, the purchase price for the shares will not be less than 100% of the fair market value of the shares on the date of issuance, and payment may be in the form of cash or past services rendered. Eligible individuals will have no stockholder rights with respect to any unvested restricted shares or restricted stock units issued to them under the stock award or sales program; however, eligible individuals will have the right to receive any regular cash dividends paid on such shares.

The initial reserve under the Plan was 29,167 shares of common stock, which reserve was subsequently increased to 50,000 shares upon stockholders' approval in May 2016. In July 2017, the Company amended and restated the Plan to increase the number of shares of common stock reserved thereunder from 50,000 shares to 75,000 shares. In October 2018, the Company amended and restated the Plan to increase the number of shares of common stock reserved thereunder from 75,000 shares to 91,667 shares. In July 2020, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance from 91,667 to 129,167. In May 2021, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance from 129,167 to 250,000. In June 2022, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance from 250,000 to 312,500. In September 2023, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance from 312,500 to 750,000. As of December 31, 2024, 120,000 shares remained available for issuance under the Plan. All 2014 Plan share reserve and other share amounts reflected herein have been retroactively adjusted to reflect the effect of the Reverse Split for all periods presented.

Super League issues new shares of common stock upon the exercise of stock options, the grant of restricted stock, or the delivery of shares pursuant to vested restricted stock units. The compensation committee of the Board may amend or modify the Plan at any time, subject to any required approval by the stockholders of the Company, pursuant to the terms therein. In the event that any outstanding option or other right for any reason expires or is canceled or otherwise terminated, the shares allocable to the unexercised portion of such option or other right is returned and available for the purposes of this Plan.

Stock Options

The fair value of stock options granted was estimated on their respective grant dates using the Black-Scholes-Merton option pricing model and the following weighted-average assumptions for the years ended December 31:

	2024	2023
Expected Volatility	98%	95%
Risk–free interest rate	4.08%	4.18%
Dividend yield	-%	-%
Expected life of options (in years)	6.02	5.35

The expected volatility assumption for purposes of determining the fair value of stock options for the periods presented was estimated based on reference to the historical stock price volatility of the Company and a representative peer group for the applicable estimated term.

A summary of stock option activity for the year ended December 31, 2024 is as follows:

		Weighted-Average		
	Options (#)	Exercise Price Per Share ($)	Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)
Outstanding at December 31, 2023	396,000	$ 15.70		$ -
Granted	20,000	1.29		-
Exercised	-	-		-
Canceled / forfeited	(50,000)	10.29		63,000
Outstanding at December 31, 2024	366,000	$ 15.66	8.05	$ -
Vested and exercisable at December 31, 2024	220,000	$ 20.20	7.79	$ -

The weighted-average grant date fair value of stock options granted during the years ended December 31, 2024 and 2023 was $1.03 and $5.39, respectively. The aggregate fair value of stock options that vested during the years ended December 31, 2024 and 2023 was $418,000 and $1,079,000, respectively. As of December 31, 2024, the total unrecognized compensation expense related to non-vested stock option awards was $709,000, which is expected to be recognized over a weighted-average term of approximately 2.03 years.

Restricted Stock Units

The following table summarizes non-vested restricted stock unit activity for the year ended December 31, 2024:

	2014 Plan Activity		Outside of the 2014 Plan Activity		Totals	
	Restricted Stock Units (#)	Weighted Average Grant Date Fair Value ($)	Restricted Stock Units (#)	Weighted Average Grant Date Fair Value ($)	Restricted Stock Units (#)	Weighted Average Grant Date Fair Value ($)
At December 31, 2023	186,000	$ 10.87	90,000	$ 7.50	276,000	$ 9.76
Granted	33,000	$ 0.81	625,000	0.84	658,000	0.85
Vested	(36,000)	$ 9.51	(552,000)	1.13	(588,000)	1.64
Canceled	(9,000)	$ 10.00	(16,000)	18.56	(25,000)	15.43
At December 31, 2024	174,000	$ 4.44	147,000	$ 3.92	321,000	$ 4.20

As of December 31, 2024, the total unrecognized compensation expense related to non-vested restricted stock units was $346,000 which will be recognized over a weighted-average term of approximately .7 years.

During the year ended December 31, 2024 and 2023, the Company issued 640,000 and 39,000, respectively, restricted stock units (included in the table above) to nonemployees for services (“Nonemployee RSUs”). The weighted average grant date fair value of the Nonemployee RSUs granted during the year ended December 31, 2024 and 2023 was $0.84 and $1.67, respectively. Compensation expense for Nonemployee RSUs for the year ended December 31, 2024 and 2023 totaled $256,000 and $89,000, respectively. As of December 31, 2024, the total unrecognized compensation expense related to Nonemployee RSUs was $281,000.

Warrants Issued to Employees and Nonemployees for Services

A summary of employee and nonemployee warrant activity (outside of the Plan) for the year ended December 31, 2024 is as follows:

		Weighted-Average		
	Warrants (#)	Exercise Price Per Share ($)	Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($)
Outstanding at December 31, 2023	31,000	$ 49.21	-	$ -
Granted	-	-	-	-
Expired	-	-	-	-
Outstanding at December 31, 2024	31,000	$ 49.21	2.70	$ -
Vested and exercisable as of December 31, 2024	31,000	$ 49.21	3.70	$ -

The aggregate fair value of Warrants that vested during the years ended December 31, 2024 and 2023 was $0 and $249,000, respectively. As of December 31, 2024, the total unrecognized compensation expense related to non-vested Warrants was $0.

Noncash Stock Compensation Expense

Noncash stock-based compensation expense was comprised of the following as of December 31:

	2024	2023
Stock options	$ 411,000	$ 1,014,000
Warrants	-	228,000
Restricted stock units	878,000	1,493,000
Total noncash stock compensation expense	$ 1,289,000	$ 2,735,000

Noncash stock-based compensation expense was included in the following financial statement line items as of December 31:

	2024	2023
Sales, marketing and advertising	$ 488,000	$ 879,000
Engineering, technology and development	30,000	219,000
General and administrative	771,000	1,637,000
Total noncash stock compensation expense	$ 1,289,000	$ 2,735,000

Modifications to Equity-Based Awards

On January 1, 2022, the Company issued 67,500 performance stock units ("Original PSUs") under the Company's 2014 Amended and Restated Stock Option and Incentive Plan, which vest in five equal increments of 13,500 PSUs, based on satisfaction of the following vesting conditions during the three-year period commencing on January 1, 2022: (i) the Company's stock price equaling $95.00 per share based on 60-day volume weighted average price ("VWAP"); (ii) the Company's stock price equaling $120.00 per share based on 60-day VWAP; (iii) the Company's stock price equaling $140.00 per share based on 60-day VWAP; (iv) the Company's stock price equaling $160.00 per share based on 60-day VWAP; and (v) the Company's stock price equaling $180.00 per share based on 60-day VWAP. The Original PSUs were fully expensed as of June 30, 2023. Noncash stock compensation expense related to the Original PSUs totaled $0 and $299,000 for the years ended December 31, 2024 and 2023, respectively.

On April 30, 2023, the Board approved the cancellation of the 67,500 Original PSUs previously granted to certain executives (four plan participants in total) under the 2014 Plan (as described above). In exchange for the cancelled Original PSUs, the executives were granted an aggregate of 67,500 PSUs, which vest, over a five-year term, upon the Company's common stock achieving certain VWAP goals as follows: (i) 20% upon achieving a 60-day VWAP of $16.00 per share, (ii) 20% upon achieving a 60-day VWAP of $20.00 per share; (iii) 20% upon achieving a 60-day VWAP of $24.00 per share; (iv) 20% upon achieving a 60-day VWAP of $28.00 per share; and (v) 20% upon achieving a 60-day VWAP of $32.00 per share, in each case, as quoted on the Nasdaq Capital Market ("Modified PSUs"). Total incremental compensation cost related to the Modified PSUs totaled $540,000 which is recognized prospectively over the implied service period, ranging from .69 years to 1.5 years, calculated in connection with the Monte Carlo simulation model used to determine the fair value of the equity awards immediately before and after the modifications. Net noncash stock compensation expense related to the Modified PSUs totaled $130,000 and $351,000 for the years ended December 31, 2024 and 2023, respectively.

On April 30, 2023, the Board approved the cancellation of certain stock options to purchase an aggregate of 58,951 shares of the Company's common stock previously granted to certain executives and employees (six plan participants in total) under the Company's 2014 Amended and Restated Employee Stock Option and Incentive Plan (the "2014 Plan"), with an average exercise price of approximately $56.40. In addition, the Board approved the cancellation of certain warrants to purchase an aggregate of 26,100 shares of the Company's common stock previously granted to certain executives and employees, with an average exercise price of approximately $199.80. In exchange for the cancelled options and warrants, certain executives and employees were granted options to purchase an aggregate of 305,000 shares of common stock under the 2014 Plan, at an exercise price of $9.80 (the closing price of the Company's common stock as listed on the Nasdaq Capital Market on April 28, 2023, the last trading day before the approval of the awards), with one-third of the options vesting on the April 30, 2023, the grant date, with the remainder vesting monthly over the thirty-six month period thereafter, subject to continued service ("Executive Grant Modifications") (collectively, "Modified Executive Grants"). The grant and exercise of the Modified Executive Grants was contingent upon the Company receiving approval from its stockholders to increase the number of shares available under the 2014 Plan, which was obtained in connection with the Company's 2023 annual shareholder meeting in September 2023. As such, the grant date and the commencement of noncash stock compensation amortization for the Modified Executive Grants was September 7, 2023. Total incremental compensation cost related to the Modified Executive Grants totaled $347,000, $112,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $235,000 related to unvested awards which is recognized prospectively over the remaining service period of 3 years. Net noncash stock compensation expense related to the Modified Executive Grants totaled $221,000 and $573,000 for the years ended December 31, 2024 and 2023, respectively.

On May 1, 2023, the Board approved the cancellation of options to purchase an aggregate of 29,224 shares of the Company's common stock previously granted to its employees (68 plan participants in total) under the 2014 Plan, in exchange for newly issued options to purchase an aggregate of 63,900 shares of the Company's common stock under the 2014 Plan, at an exercise price equal to the closing trading price on May 1, 2023, or $9.81, with a range of zero to one-third of the options vesting on the May 1, 2023, the grant date, dependent upon the tenure of the employee, and the remainder vesting monthly over the forty-eight month period thereafter, subject to continued service ("Employee Grant Modifications")(collectively, "Modified Employee Grants"). Unrecognized compensation expense related to the original award as of the date of the Employee Grant Modifications totaled $960,000 which is recognized prospectively over the remaining service period of 4 years. Total incremental compensation cost related to the Modified Employee Grants totaled $449,000, $101,000 of which related to vested awards as of the modification date and was recognized as expense immediately, and $348,000 related to unvested awards which is recognized prospectively over the remaining service period of 4 years. Net noncash stock compensation expense related to the Modified Employee Grants totaled $158,000 and $300,000 for the years ended December 31, 2024 and 2023, respectively.

Other

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

9. INCOME TAXES

The components of loss before income taxes consisted of the following for the years ended December 31:

	2024	2023
United States	$ (16,474,000)	$ (30,455,000)
Foreign	-	(188,000)
Loss from operations before income taxes	$ (16,474,000)	$ (30,643,000)

The Company's provision for income taxes consisted of the following for the years ended December 31:

	2024	2023
Current:		
Federal taxes	$ -	$ -
State taxes	-	-
Foreign taxes	-	-
Total current	$ -	$ -
Deferred:		
Federal taxes	$ 50,000	$ -
State taxes	111,000	-
Foreign taxes	-	(313,000)
Total deferred	161,000	(313,000)
Net provision for income taxes	$ 161,000	$ (313,000)

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following as of December 31:

	2024	2023
Deferred tax assets:		
Net operating loss and credits	$ 40,819,000	$ 35,453,000
Intangibles – definite lived	2,791,000	1,899,000
Stock compensation	1,856,000	1,776,000
Accrued liabilities	171,000	1,133,000
State taxes	3,000	12,000
Capitalized research and development costs	2,923,000	2,659,000
Total deferred tax assets	48,563,000	42,932,000
Valuation allowance	(48,351,000)	(42,855,000)
Deferred tax liabilities:		
Fixed assets	(35,000)	(69,000)
Intangibles – indefinite lived	(338,000)	-
Contract liabilities	-	(8,000)
Total deferred tax liabilities	(373,000)	(77,000)
Total net deferred tax assets (liabilities), net of valuation allowance	$ (161,000)	$ -

A reconciliation of the federal statutory income tax rate and the effective income tax rate is as follows:

	2024	2023
Statutory federal– tax rate - (benefit) expense	21%	21%
State tax, net	7	5
Non-deductible permanent items	(1)	(2)
Change in tax rate	3%	-
Foreign taxes	-	1
Other	3	(2)
Valuation allowance	(34)	(22)
	(1)%	1%

For the years ended December 31, 2024 and 2023, the Company recorded full valuation allowances against its domestic net deferred tax assets due to uncertainty regarding future realizability pursuant to guidance set forth in the FASB's Accounting Standards Codification Topic No. 740, "Income Taxes." In future periods, if the Company determines it will more likely than not be able to realize these amounts, the applicable portion of the benefit from the release of the valuation allowance will generally be recognized in the consolidated statements of operations in the period the determination is made. The Company did not maintain a valuation allowance on the activity in the United Kingdom ("UK") from its acquisition of Bannerfy Ltd due to the deferred tax liability position. During the year ended December 31, 2023, Bannerfy Ltd sold all of its asset back to the original sellers and ceased operations as described below. As such, a full valuation was recorded against the remaining foreign deferred tax assets. Components of net loss before income tax attributable to foreign entities totaled $0 and $187,000 for the years ended December 31, 2024 and 2023, respectively.

The Company assesses whether a valuation allowance should be recorded against its deferred tax assets based on the consideration of all available evidence, using a "more likely than not" realization standard. The four sources of taxable income that must be considered in determining whether deferred tax assets will be realized are: (1) future reversals of existing taxable temporary differences (i.e., offset of gross deferred tax assets against gross deferred tax liabilities); (2) taxable income in prior carryback years, if carryback is permitted under the applicable tax law; (3) tax planning strategies and (4) future taxable income exclusive of reversing temporary differences and carryforwards. In assessing whether a valuation allowance is required, significant weight is to be given to evidence that can be objectively verified. A significant factor in the Company's assessment is that the Company has been in a three-year historical cumulative loss position as of the end of December 31, 2024. After a review of the four sources of taxable income (as described above) and after consideration of the Company's continuing cumulative loss position as of December 31, 2024, the Company has recorded a full valuation allowance on its deferred tax assets as presented in the table above. The change in the valuation allowance for the years ended December 31, 2024 and 2023 totaled $5,496,000 and $7,132,000, respectively.

At December 31, 2024, the Company had U.S. federal, state income tax, and foreign net operating loss carryforwards of approximately $148.5 million, $141.8 million, and $1.1 million, respectively, expiring through 2044. Of the federal net operating losses, $24.5 million will expire from 2034 to 2037, and $124.0 million will carry over indefinitely. Federal net operating loss carryforwards generated in 2018 or after do not expire, however, they can only be used to offset 80% of taxable income in a given year. Of the state net operating losses, $140.2 million will expire from 2034 to 2044, and $1.7 million will carry over indefinitely. The $1.1 million of foreign net operating losses will carry over indefinitely.

Utilization of the net operating loss carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended, as well as similar state provisions. The Company has not completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company's formation due to the complexity and cost associated with such a study, and the fact that there may be additional such ownership changes in the future.

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. The Topic also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Topic requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. In addition, the Topic permits an entity to recognize interest and penalties related to tax uncertainties either as income tax expense or operating expenses. The Company will recognize interest and penalties related to tax uncertainties as income tax expense. There were no uncertain tax positions as of December 31, 2024.

The Company is subject to taxation in the United States, various state and local jurisdictions, as well as foreign jurisdictions (primarily the UK) where the Company conducts business (2023 and prior). As of December 31, 2024, the company had no outstanding tax audits. Currently there are no audits in process or pending from Federal, state or foreign tax authorities. Federal and state income tax returns are subject to examination for a period of three to four years after filing. UK income tax returns are subject to examination for a period of four years after filing.

In June 2023, the Company assigned the intangible assets originally acquired in connection with the Company's acquisition of Bannerfy in fiscal year 2021, to the original sellers, as described at Note 4. The Bannerfy Acquisition was treated for tax purposes as a nontaxable transaction and, as such, the historical tax bases of the acquired assets and assumed liabilities, net operating losses, and other tax attributes of Bannerfy carried over, with no step-up to fair value of the underlying tax bases of the acquired net assets. The acquisition method of accounting included the establishment of a net deferred tax liability resulting from book tax basis differences related to assets acquired and liabilities assumed on the date of acquisition. When an acquisition of a group of assets is purchased in a transaction that is not accounted for as a business combination under ASC 805, a difference between the book and tax bases of the assets arises. ASC 740, "Income Taxes," ("ASC 740") required the use of simultaneous equations to determine the assigned value of the asset and the related deferred tax asset or liability. As a result of the disposal of the Bannerfy intangible assets, the Company recognized the related remaining net deferred tax liability, resulting in a $313,000 tax benefit reflected in the consolidated statements of operations for the year ended December 31, 2023.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

As of December 31, 2024 we maintain approximately 1,550 square feet of office space, which is on a month-to-month basis, at a rate of approximately $7,000 per month.

Rent expense for the years ended December 31, 2024 and 2023 was approximately $141,000 and $163,000, respectively, and is included in general and administrative expense in the accompanying consolidated statements of operations. Rental payments are expensed in the consolidated statements of operations in the period to which they relate. Scheduled rent increases, if any, are amortized on a straight-line basis over the lease term.

Settlement of Pending or Threatened Claims

Pioneer Capital Anstalt

In May 2024, the Company settled a dispute concerning the interpretation of certain financial terms contained within the Series AA and Series AA-2 Preferred Stock certificates of designation filed in connection with the Series AA and Series AA-2 Preferred Stock Offerings ("Pioneer Settlement"). Pioneer Capital Anstalt ("Pioneer") filed a complaint in the United States District Court for the Southern District of New York seeking monetary damages and specific performance concerning the interpretation and calculation of certain financial terms applicable to Pioneer's additional investment rights agreements acquired in connection with Pioneer's participation in the Series AA and Series AA-2 Preferred Stock Offerings ("Pioneer AA AIRs")("Pioneer Action"). In order to avoid further expense, costs, and time to litigate the action, the Parties resolved the dispute, resulting in the modification of the conversion price and conversion floor price applicable to the Pioneer AA AIRs from prices ranging from $9.43 to $13.04, down to prices ranging from $1.886 to $2.608, and the extension of the exercise term for the Pioneer AA AIRs for a period of six (6) months. The modifications to the Pioneer AIRs resulted in an incremental increase in fair value totaling $213,000 which was included as a noncash legal settlement charge in general and administrative expense in the consolidated statements of operations for the year ended December 31, 2024. As a result of the reduction of the Pioneer AA AIRs conversion price, total common shares underlying the modified Pioneer AA AIRs increased from 372,610 to 1,863,049 shares.

In addition, in connection with the settlement, the Company issued to Pioneer 550,000 shares of restricted common stock valued at $516,000 on the dates of issuance, which was included as a noncash legal settlement charge in general and administrative expense in the consolidated statements of operations for the year ended December 31, 2024. In connection with the Pioneer Settlement, Pioneer filed a notice of dismissal regarding the Action.

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

Other

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

Related Party Transactions

Note Purchase Agreement. On November 19, 2024, the Company entered into a note purchase agreement with a non-employee member of the Board, as described at Note 6.

Consulting Agreement. In May 2018, the Company entered into a consulting agreement with a member of the Board, pursuant to which the board member provides the Company with strategic advice and planning services for which he receives a cash payment of $7,500 per month from the Company. The consulting agreement had an initial term ending December 31, 2019, and was extended for successive one-year periods upon mutual agreement of the board member and the Company through to fiscal year 2024. Total consulting expense under the agreement totaled $90,000 for each of the years ended December 31, 2024 and 2023.

11. SEGMENT REPORTING

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 chief operating decision-maker (“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 has one 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 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 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 consolidated statements of operations. 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 4 and Note 8, 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 consolidated statements of operations. All cost and expense line items reported within the Company’s consolidated Statements of operations, as well as amortization, and stock-based compensation expense are significant.

12. SUBSEQUENT EVENTS

The Company evaluated subsequent events for their potential impact on the consolidated financial statements and disclosures through March 31, 2025, the date the consolidated financial statements were available to be issued, and determined that, except as set forth below, no subsequent events occurred that were reasonably expected to impact the consolidated financial statements presented herein.

Entry into Loan Agreements

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 Loan Agreement), interest shall accrue at a fixed per annum rate equal to the applicable rate plus five percent. The Company is required to repay all the obligations due under the Agile 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 Loan Agreement imposes various restrictions on the activities of the Company consistent with the Agile Loan Agreement described above under the heading "*Agile Capital - Debt Financing.*"

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 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. $1.5 million of the Agile II Note was used to repay the remaining balance under the Agile Note, with net proceeds to the Company of approximately $875,000.

1800 Diagonal Lending, LLC

On March 26, 2025 (the "Diagonal Effective Date"), the Company and 1800 Diagonal Lending, LLC, a Virginia limited liability company, or registered assigns ("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) interest begins to accrue 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 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 that is enumerated in Section 3.2 of the Diagonal Note, 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 not enumerated in Section 3.2 of the Diagonal Note, 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 Sections 1.3 and 1.4(g) of 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 giving deducting the OID, reimbursement of Diagonal's expenses in an amount equal to $7,000, and other estimated offering expenses. The Company intends to use 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 assigns, ("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 will 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. 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 $0.35. 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 intends to utilize the proceeds from the sale of the Belleau Notes for working capital and general corporate purposes. The initial Belleau Note was issued without registration under the Securities Act, based on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. The two remaining Belleau Notes, along with the shares of the Company's Common Stock payable as interest pursuant to the Belleau Notes, when issued according to the Belleau Purchase Agreement, will be issued without registration under the Securities Act, based on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. Belleau represented that it is an accredited investor, as defined in Rule 501(d) of the Securities Act, and that it has, and will continue to, acquire the applicable securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof.

Termination of Transactions with Infinite Reality, Inc.

Termination of Binding Term Sheet

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

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

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

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

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

On March 28, 2025, the Company and Infinite Reality mutually agreed to terminate both the Binding Term Sheet and the iR Transactions contemplated thereby in their entirety.

Termination of Equity Exchange Agreement.

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

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

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

On March 28, 2025, the Company and Infinite Reality mutually agreed to terminate both the Amended Exchange Agreement and the Exchange contemplated thereby in its entirety.

Entry into Equity Purchase Agreement

On February 14, 2025, the Company entered into an equity purchase agreement (the "Equity Purchase Agreement") with Hudson Global Ventures, LLC, a Nevada limited liability company ("Hudson"). Pursuant to the Equity Purchase Agreement, the Company has 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 "Total Commitment") of the Company's common stock, from time to time during the term of the Equity Purchase Agreement, subject to certain limitations and conditions (the "Hudson Offering"). As consideration for Hudson's commitment to purchase shares of common stock under the Purchase Agreement, the Company issued to Hudson 300,000 shares of common stock, valued at $165,000, following the execution of the Equity Purchase Agreement (the "Commitment Shares").

The Equity Purchase Agreement initially precludes the Company from issuing and selling more than 3,319,323 shares of our common stock, including the Commitment Shares, which number equals 19.99% of our common stock issued and outstanding as of February 14, 2025, unless the Company obtains stockholder approval to issue additional shares, or unless certain exceptions apply. In addition, a beneficial ownership limitation in the agreement initially limits the Company from directing Hudson to purchase shares of common stock if such purchases would result in Hudson beneficially owning more than 4.99% of the then-outstanding shares of our common stock.

From and after the initial satisfaction of the conditions to our right to commence sales to Hudson under the Equity Purchase Agreement (such event, the "Commencement," and the date of initial satisfaction of all such conditions, the "Commencement Date"), the Company may 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 "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 Purchase Agreement) and continuing through the date that is three trading days immediately following the Clearing Date (as defined in the Purchase Agreement) associated with the applicable Put Notice (such three trading day period is the "Valuation Period", and the price is the "Market Price"), on such date on which the Purchase Price is calculated in accordance with the terms of the Equity Purchase Agreement. The Company will control the timing and amount of any such sales of common stock to Hudson.

Unless earlier terminated, the Equity Purchase Agreement will automatically terminate upon the earliest of (i) the expiration of the Commitment Period (as defined in the Equity Purchase Agreement), (ii) Hudson's purchase or receipt of the Total Commitment worth of common stock, or (iii) the occurrence of certain other events set forth in the Equity Purchase Agreement. The Company has the right to terminate the Equity Purchase Agreement at any time after Commencement, at no cost or penalty, upon prior written notice to Hudson.

The Company intends to use the net proceeds, if any, from the Hudson Offering for working capital and general corporate purposes, including sales and marketing activities, product development and capital expenditures. The Company may also use a portion of the net proceeds to acquire or invest in complementary businesses, products and technologies. The Equity Purchase Agreement contains customary representations, warranties and agreements by the Company, as well as customary indemnification obligations of the Company. In connection with the Equity Purchase Agreement, the Company entered into a Registration Rights Agreement, pursuant to which the Company agreed to register the Commitment Shares and the shares issuable pursuant to the Equity Purchase Agreement.

Amended and Restated Consulting Agreement

On March 28, 2025 (the "March DS Effective Date"), the Company entered into an Amended and Restated Consulting Agreement (the "March DS Agreement") with Diamond Shoals, LLC ("DS"), which amended and restated that certain Consulting Agreement dated August 1, 2024, between the Company and DS (the "August DS Agreement"), pursuant to which DS will provide the strategic advisory consultancy services set forth in the March DS Agreement, the consideration for which is to be paid in the form of 857,142 restricted shares of the Company's Common Stock (the "March DS Shares"). The March DS Shares are payable on the dates and in the amounts as follows: (i) 171,428 shares on the March DS Effective Date; (ii) 342,857 shares on April 14, 2025; and (iii) 342,857 shares on April 28, 2025. The March DS Agreement will have a term of 12 months, commencing on the March DS Effective Date, and may be renewed upon mutual agreement of the parties. All other terms and conditions remained the same as the August DS Agreement. The August DS Agreement was entered into to extend the term of the initial Consulting Agreement between the Company and DS, dated June 13, 2023, as amended and restated on October 6, 2023.

Other

In January 2025, the Company issued 262,501 shares of the Company's common stock to the Founders in connection with the Super Biz Note, as described at Note 5.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUPER LEAGUE ENTERPRISE, INC.

Date: March 31, 2025

By: /s/ Ann Hand
Ann Hand
President and Chief Executive Officer
(Principal Executive Officer)

SUPER LEAGUE ENTERPRISE, INC.

Date: March 31, 2025

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

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

Signature	Title	Date
/s/ Ann Hand Ann Hand	Chief Executive Officer and Chair of the Board (Principal Executive Officer)	March 31, 2025
/s/ Clayton Haynes Clayton Haynes	Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 2025
/s/ Jeff Gehl Jeff Gehl	Director	March 31, 2025
/s/ Kristin Patrick Kristin Patrick	Director	March 31, 2025
/s/ Mark Jung Mark Jung	Director	March 31, 2025
/s/ Michael Keller Mark Jung	Director	March 31, 2025

Exhibit 4.17

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.

FORM OF UNSECURED PROMISSORY NOTE

$[●] Issuance Date: [●]

This Unsecured Promissory Note (the "***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***").

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***") equal to twenty percent (20.0%) of the principal amount of the Note, with the number of Shares calculated based on a price of $0.35 per share (i.e., $1,500,000 investment, with a price of $0.35 per share results in 857,142 Shares to be issued to the Holder ($1,500,000 million * 20%, the product of which is divided by $0.35)(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.
If to the Holder:	2846 Colorado Ave.
	Santa Monica, CA 90404
	Attention: Clayton Haynes, CFO
	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: __________________

Ann Hand
CEO

Exhibit 4.18

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT.

THE ISSUE PRICE OF THIS NOTE IS $300,000.00
THE ORIGINAL ISSUE DISCOUNT IS $14,250.00

Principal Amount: $300,000.00 **Issue Date: March 26, 2025**
Purchase Price: $285,750.00

CONVERTIBLE PROMISSORY NOTE

FOR VALUE RECEIVED, **SUPER LEAGUE ENTERPRISE, INC.**, a Delaware corporation (hereinafter called the “Borrower”), hereby promises to pay to the order of **1800 DIAGONAL LENDING LLC,** a Virginia limited liability company, or registered assigns (the “Holder”) the sum of $300,000.00 together with any interest as set forth herein, on December 30, 2025 the “Maturity Date”), and to pay interest on the unpaid principal balance hereof at the rate of ten percent (10%) (the “Interest Rate”) per annum from the date hereof (the “Issue Date”) until the same becomes due and payable, whether at maturity or upon acceleration or by prepayment or otherwise. This Note may not be prepaid in whole or in part except as otherwise explicitly set forth herein. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid (“Default Interest”). Interest shall be computed on the basis of a 365 day year and the actual number of days elapsed. Interest shall commence accruing on the Issue Date but shall not be payable until the Note becomes payable (whether at Maturity Date or upon acceleration or by prepayment). All payments due hereunder (to the extent not converted into common stock, $0.001 par value per share (the “Common Stock”) in accordance with the terms hereof) shall be made in lawful money of the United States of America. All payments shall be made at such address as the Holder shall hereafter provide to the Borrower by written notice made in accordance with the provisions of this Note. Each capitalized term used herein, and not otherwise defined, shall have the meaning ascribed thereto in that certain Securities Purchase Agreement dated the date hereof, pursuant to which this Note was originally issued (the “Purchase Agreement”).

This Note is free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

The following terms shall apply to this Note:

ARTICLE I. CONVERSION RIGHTS

1.1 Conversion Right. The Holder shall have the right from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date, or (ii) the date of payment of the Default Amount (as defined in Article III), each in respect of the remaining outstanding amount of this Note to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and nonassessable shares of Common Stock, as such Common Stock exists on the Issue Date, or any shares of capital stock or other securities of the Borrower into which such Common Stock shall hereafter be changed or reclassified at the conversion price (the "Conversion Price") determined as provided herein (a "Conversion"); provided, however, that in no event shall the Holder be entitled to convert any portion of this Note in excess of that portion of this Note upon conversion of which the sum of (1) the number of shares of Common Stock beneficially owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted portion of the Notes or the unexercised or unconverted portion of any other security of the Borrower subject to a limitation on conversion or exercise analogous to the limitations contained herein) and (2) the number of shares of Common Stock issuable upon the conversion of the portion of this Note with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 4.99% of the outstanding shares of Common Stock. For purposes of the proviso to the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Regulations 13D-G thereunder, except as otherwise provided in clause (1) of such proviso. The beneficial ownership limitations on conversion as set forth in the section may NOT be waived by the Holder. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the Conversion Amount (as defined below) by the applicable Conversion Price then in effect on the date specified in the notice of conversion, in the form attached hereto as Exhibit A (the "Notice of Conversion"), delivered to the Borrower by the Holder in accordance with Section 1.4 below; provided that the Notice of Conversion is submitted by facsimile or e-mail (or by other means resulting in, or reasonably expected to result in, notice) to the Borrower before 6:00 p.m., New York, New York time on such conversion date (the "Conversion Date"); however, if the Notice of Conversion is sent after 6:00pm, New York, New York time the Conversion Date shall be the next business day. The term "Conversion Amount" means, with respect to any conversion of this Note, the sum of (1) the principal amount of this Note to be converted in such conversion plus (2) at the Holder's option, accrued and unpaid interest, if any, on such principal amount at the interest rates provided in this Note to the Conversion Date, plus (3) at the Holder's option, Default Interest, if any, on the amounts referred to in the immediately preceding clauses (1) and/or (2) plus (4) at the Holder's option, any amounts owed to the Holder pursuant to Sections 1.4 hereof. The Holder shall be entitled to deduct $1,500.00 from the conversion amount in each Notice of Conversion to cover Holder's deposit fees associated with each Notice of Conversion. Any additional expenses incurred by Holder with respect to the Borrower's transfer agent, for the issuance of the Common Stock into which this Note is convertible into, shall immediately and automatically be added to the balance of the Note at such time as the expenses are incurred by Holder.

1.2 Conversion Price. The Conversion Price shall equal 75% multiplied by the Market Price (as defined herein) (representing a discount rate of 25%). "Market Price" means the lowest Trading Price (as defined below) for the Common Stock during the ten (10) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date. "Trading Price" means, for any security as of any date, the closing bid price on the OTCQB, OTCQX, Pink Sheets electronic quotation system or applicable trading market (the "OTC") as reported by a reliable reporting service ("Reporting Service") designated by the Holder (i.e. Bloomberg) or, if the OTC is not the principal trading market for such security, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded or, if no closing bid price of such security is available in any of the foregoing manners, the average of the closing bid prices of any market makers for such security that are listed in the "pink sheets". If the Trading Price cannot be calculated for such security on such date in the manner provided above, the Trading Price shall be the fair market value as mutually determined by the Borrower and the holders of a majority in interest of the Notes being converted for which the calculation of the Trading Price is required in order to determine the Conversion Price of such Notes. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the OTC, or on the principal securities exchange or other securities market on which the Common Stock is then being traded.

1.3 Authorized Shares. The Borrower covenants that during the period the conversion right exists, the Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares, free from preemptive rights, to provide for the issuance of Common Stock upon the full conversion of this Note issued pursuant to the Purchase Agreement. The Borrower is required at all times to have authorized and reserved four times the number of shares that is actually issuable upon full conversion of the Note (based on the Conversion Price of the Note in effect from time to time)(the "Reserved Amount"). The Reserved Amount shall be increased from time to time in accordance with the Borrower's obligations hereunder. The Borrower represents that upon issuance, such shares will be duly and validly issued, fully paid and non-assessable. In addition, if the Borrower shall issue any securities or make any change to its capital structure which would change the number of shares of Common Stock into which the Notes shall be convertible at the then current Conversion Price, the Borrower shall at the same time make proper provision so that thereafter there shall be a sufficient number of shares of Common Stock authorized and reserved, free from preemptive rights, for conversion of the outstanding Note. The Borrower (i) acknowledges that it has irrevocably instructed its transfer agent to issue certificates for the Common Stock issuable upon conversion of this Note, and (ii) agrees that its issuance of this Note shall constitute full authority to its officers and agents who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock in accordance with the terms and conditions of this Note.

If, at any time the Borrower does not maintain the Reserved Amount it will be considered an Event of Default under Section 3.2 of the Note.

1.4 Method of Conversion.

(a) Mechanics of Conversion. As set forth in Section 1.1 hereof, from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the date of this Note and ending on the later of: (i) the Maturity Date and (ii) the date of payment of the Default Amount, this Note may be converted by the Holder in whole or in part at any time from time to time after the Issue Date, by (A) submitting to the Borrower a Notice of Conversion (by facsimile, e-mail or other reasonable means of communication dispatched on the Conversion Date prior to 6:00 p.m., New York, New York time) and (B) subject to Section 1.4(b), surrendering this Note at the principal office of the Borrower (upon payment in full of any amounts owed hereunder).

(b) Surrender of Note Upon Conversion. Notwithstanding anything to the contrary set forth herein, upon conversion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Borrower unless the entire unpaid principal amount of this Note is so converted. The Holder and the Borrower shall maintain records showing the principal amount so converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Borrower, so as not to require physical surrender of this Note upon each such conversion.

(c) Delivery of Common Stock Upon Conversion. Upon receipt by the Borrower from the Holder of a facsimile transmission or e-mail (or other reasonable means of communication) of a Notice of Conversion meeting the requirements for conversion as provided in this Section 1.4, the Borrower shall issue and deliver or cause to be issued and delivered to or upon the order of the Holder certificates for the Common Stock issuable upon such conversion within three (3) business days after such receipt (the "Deadline") (and, solely in the case of conversion of the entire unpaid principal amount hereof, surrender of this Note) in accordance with the terms hereof and the Purchase Agreement. Upon receipt by the Borrower of a Notice of Conversion, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, the outstanding principal amount and the amount of accrued and unpaid interest on this Note shall be reduced to reflect such conversion, and, unless the Borrower defaults on its obligations hereunder, all rights with respect to the portion of this Note being so converted shall forthwith terminate except the right to receive the Common Stock or other securities, cash or other assets, as herein provided, on such conversion. If the Holder shall have given a Notice of Conversion as provided herein, the Borrower's obligation to issue and deliver the certificates for Common Stock shall be absolute and unconditional, irrespective of the absence of any action by the Holder to enforce the same, any waiver or consent with respect to any provision thereof, the recovery of any judgment against any person or any action to enforce the same, any failure or delay in the enforcement of any other obligation of the Borrower to the holder of record, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder of any obligation to the Borrower, and irrespective of any other circumstance which might otherwise limit such obligation of the Borrower to the Holder in connection with such conversion.

(d) Delivery of Common Stock by Electronic Transfer. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer ("FAST") program, upon request of the Holder and its compliance with the provisions set forth herein, the Borrower shall use its best efforts to cause its transfer agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's Prime Broker with DTC through its Deposit and Withdrawal at Custodian ("DWAC") system.

(e) Failure to Deliver Common Stock Prior to Deadline. Without in any way limiting the Holder's right to pursue other remedies, including actual damages and/or equitable relief, the parties agree that if delivery of the Common Stock issuable upon conversion of this Note is not delivered by the Deadline due to action and/or inaction of the Borrower, the Borrower shall pay to the Holder $1,000 per day in cash, for each day beyond the Deadline that the Borrower fails to deliver such Common Stock (the "Fail to Deliver Fee"); provided; however that the Fail to Deliver Fee shall not be due if the failure is a result of a third party (i.e., transfer agent; and not the result of any failure to pay such transfer agent) despite the best efforts of the Borrower to effect delivery of such Common Stock. Such cash amount shall be paid to Holder by the fifth day of the month following the month in which it has accrued or, at the option of the Holder (by written notice to the Borrower by the first day of the month following the month in which it has accrued), shall be added to the principal amount of this Note, in which event interest shall accrue thereon in accordance with the terms of this Note and such additional principal amount shall be convertible into Common Stock in accordance with the terms of this Note. The Borrower agrees that the right to convert is a valuable right to the Holder. The damages resulting from a failure, attempt to frustrate, interference with such conversion right are difficult if not impossible to qualify. Accordingly, the parties acknowledge that the liquidated damages provision contained in this Section 1.4(e) are justified.

1.5 Concerning the Shares. The shares of Common Stock issuable upon conversion of this Note may not be sold or transferred unless: (i) such shares are sold pursuant to an effective registration statement under the Act or (ii) the Borrower or its transfer agent shall have been furnished with an opinion of counsel (which opinion shall be in form, substance and scope customary for opinions of counsel in comparable transactions) to the effect that the shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration (such as Rule 144 or a successor rule) ("Rule 144"); or (iii) such shares are transferred to an "affiliate" (as defined in Rule 144) of the Borrower who agrees to sell or otherwise transfer the shares only in accordance with this Section 1.5 and who is an Accredited Investor (as defined in the Purchase Agreement).

Any restrictive legend on certificates representing shares of Common Stock issuable upon conversion of this Note shall be removed and the Borrower shall issue to the Holder a new certificate therefore free of any transfer legend if the Borrower or its transfer agent shall have received an opinion of counsel from Holder's counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that (i) a public sale or transfer of such Common Stock may be made without registration under the Act, which opinion shall be accepted by the Company so that the sale or transfer is effected; or (ii) in the case of the Common Stock issuable upon conversion of this Note, such security is registered for sale by the Holder under an effective registration statement filed under the Act; or otherwise may be sold pursuant to an exemption from registration. In the event that the Company does not reasonably accept the opinion of counsel provided by the Holder with respect to the transfer of Securities pursuant to an exemption from registration (such as Rule 144), at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

1.6 Effect of Certain Events.

(a) Adjustment Due to Merger, Consolidation, Etc. If, at any time when this Note is issued and outstanding and prior to conversion of all of the Note, there shall be any merger, consolidation, exchange of shares, recapitalization, reorganization, or other similar event, as a result of which shares of Common Stock of the Borrower shall be changed into the same or a different number of shares of another class or classes of stock or securities of the Borrower or another entity, or in case of any sale or conveyance of all or substantially all of the assets of the Borrower other than in connection with a plan of complete liquidation of the Borrower, then the Holder of this Note shall thereafter have the right to receive upon conversion of this Note, upon the basis and upon the terms and conditions specified herein and in lieu of the shares of Common Stock immediately theretofore issuable upon conversion, such stock, securities or assets which the Holder would have been entitled to receive in such transaction had this Note been converted in full immediately prior to such transaction (without regard to any limitations on conversion set forth herein), and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder of this Note to the end that the provisions hereof (including, without limitation, provisions for adjustment of the Conversion Price and of the number of shares issuable upon conversion of the Note) shall thereafter be applicable, as nearly as may be practicable in relation to any securities or assets thereafter deliverable upon the conversion hereof. The Borrower shall not affect any transaction described in this Section 1.6(b) unless (a) it first gives, to the extent practicable, ten (10) days prior written notice (but in any event at least five (5) days prior written notice) of the record date of the special meeting of shareholders to approve, or if there is no such record date, the consummation of, such merger, consolidation, exchange of shares, recapitalization, reorganization or other similar event or sale of assets (during which time the Holder shall be entitled to convert this Note) and (b) the resulting successor or acquiring entity (if not the Borrower) assumes by written instrument (inclusive of the merger agreement or other form of definitive agreement in connection therewith) the obligations of this Note. The above provisions shall similarly apply to successive consolidations, mergers, sales, transfers or share exchanges during the period in which the Note remains outstanding.

(b) Adjustment Due to Distribution. If the Borrower shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a dividend, stock repurchase, by way of return of capital or otherwise (including any dividend or distribution to the Borrower's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary (i.e., a spin-off)) (a "Distribution"), then the Holder of this Note shall be entitled, upon any conversion of this Note after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets which would have been payable to the Holder with respect to the shares of Common Stock issuable upon such conversion had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

1.7 Optional Prepayment. Notwithstanding anything to the contrary contained in this Note, at any time during the periods set forth on the table immediately following this paragraph (the "Prepayment Period") or as otherwise agreed to between the Borrower and the Holder, the Borrower shall have the right, exercisable on not more than three (3) Trading Days prior written notice to the Holder of the Note to prepay the outstanding Note (principal and accrued interest), in full, in accordance with this Section 1.7. Any notice of prepayment hereunder (an "Optional Prepayment Notice") shall be delivered to the Holder of the Note at its registered addresses and shall state: (1) that the Borrower is exercising its right to prepay the Note, and (2) the date of prepayment which shall be not more than three (3) Trading Days from the date of the Optional Prepayment Notice. On the date fixed for prepayment (the "Optional Prepayment Date"), the Borrower shall make payment of the Optional Prepayment Amount (as defined below) to Holder, or upon the direction of the Holder as specified by the Holder in a writing to the Borrower (which shall direction to be sent to Borrower by the Holder at least one (1) business day prior to the Optional Prepayment Date). If the Borrower exercises its right to prepay the Note, the Borrower shall make payment to the Holder of an amount in cash equal to the percentage ("Prepayment Percentage") as set forth in the table immediately following this paragraph opposite the applicable Prepayment Period, multiplied by the sum of: (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the Optional Prepayment Date plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and (x) plus (z) any amounts owed to the Holder pursuant to Section 1.4 hereof (the "Optional Prepayment Amount").

Prepayment Periods	**Prepayment Percentage**
1. The period beginning on the Issue Date and ending on the date which is sixty (60) days following the Issue Date.	115%
2. The period beginning on the date which is sixty-one (61) days following the Issue Date and ending on the date which is one hundred twenty (120) days following the Issue Date.	120%
3. The period beginning on the date which is one hundred twenty-one (121) days following the Issue Date and ending on the date which is one hundred eighty (180) days following the Issue Date.	124%

ARTICLE II. CERTAIN COVENANTS

2.1 Sale of Assets. So long as the Borrower shall have any obligation under this Note, the Borrower shall not, without the Holder's written consent, sell, lease or otherwise dispose of any significant portion of its assets outside the ordinary course of business. Any consent to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

ARTICLE III. EVENTS OF DEFAULT

If any of the following events of default (each, an "Event of Default") shall occur:

3.1 Failure to Pay Principal and Interest. The Borrower fails to pay the principal hereof or interest thereon when due on this Note, whether at maturity or upon acceleration and such breach continues for a period of five (5) business days after written notice from the Holder.

3.2 Conversion and the Shares. The Borrower fails to issue shares of Common Stock to the Holder (or announces or threatens in writing that it will not honor its obligation to do so) upon exercise by the Holder of the conversion rights of the Holder in accordance with the terms of this Note, fails to transfer or cause its transfer agent to transfer (issue) (electronically or in certificated form) any certificate for shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, the Borrower directs its transfer agent not to transfer or delays, impairs, and/or hinders its transfer agent in transferring (or issuing) (electronically or in certificated form) any certificate for shares of Common Stock to be issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note, or fails to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any shares of Common Stock issued to the Holder upon conversion of or otherwise pursuant to this Note as and when required by this Note (or makes any written announcement, statement or threat that it does not intend to honor the obligations described in this paragraph) and any such failure shall continue uncured (or any written announcement, statement or threat not to honor its obligations shall not be rescinded in writing) for three (3) business days after the Holder shall have delivered a Notice of Conversion. It is an obligation of the Borrower to remain current in its obligations to its transfer agent. It shall be an event of default of this Note, if a conversion of this Note is delayed, hindered or frustrated due to a balance owed by the Borrower to its transfer agent. If at the option of the Holder, the Holder advances any funds to the Borrower's transfer agent in order to process a conversion, such advanced funds shall be paid by the Borrower to the Holder within forty-eight (48) hours of a demand from the Holder.

3.3 Breach of Covenants. The Borrower breaches any material covenant or other material term or condition contained in this Note and any collateral documents including but not limited to the Purchase Agreement and: (i) such breach occurs during the period prior to the date which is one hundred eighty (180) days following the date of this Note (the "Pre-Conversion Period") and continues for a period of twenty (20) business days after written notice thereof to the Borrower from the Holder; or (ii) such breach occurs following the Pre-Conversion Period and continues for a period of twenty (20) days after written notice thereof to the Borrower from the Holder.

3.4 Breach of Representations and Warranties. Any representation or warranty of the Borrower made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, the Purchase Agreement), shall be false or misleading in any material respect when made and the breach of which has (or with the passage of time will have) a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.5 Receiver or Trustee. The Borrower or any subsidiary of the Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business, or such a receiver or trustee shall otherwise be appointed.

3.6 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings, voluntary or involuntary, for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or any subsidiary of the Borrower.

3.7 Delisting of Common Stock. The Borrower shall fail to maintain the listing of the Common Stock on the OTC (which specifically includes the quotation platforms maintained by the OTC Markets Group) or an equivalent replacement exchange, the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange, or the American Stock Exchange.

3.8 Failure to Comply with the Exchange Act. The Borrower shall fail to comply with the reporting requirements of the Exchange Act; and/or the Borrower shall cease to be subject to the reporting requirements of the Exchange Act.

3.9 Liquidation. Any dissolution, liquidation, or winding up of Borrower or any substantial portion of its business.

3.10 Cessation of Operations. Any cessation of operations by Borrower or Borrower admits it is otherwise generally unable to pay its debts as such debts become due, provided, however, that any disclosure of the Borrower's ability to continue as a "going concern" shall not be an admission that the Borrower cannot pay its debts as they become due.

3.11 Financial Statement Restatement.The restatement of any financial statements filed by the Borrower with the SEC at any time after 180 days after the Issuance Date for any date or period until this Note is no longer outstanding, if the result of such restatement would, by comparison to the un-restated financial statement, have constituted a material adverse effect on the rights of the Holder with respect to this Note or the Purchase Agreement.

3.12 Replacement of Transfer Agent. In the event that the Borrower proposes to replace its transfer agent, the Borrower fails to provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to the Purchase Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount) signed by the successor transfer agent to Borrower and the Borrower.

3.13 Cross-Default. Notwithstanding anything to the contrary contained in this Note or the other related or companion documents, a breach or default by the Borrower of any covenant or other term or condition contained in any of the Other Agreements, after the passage of all applicable notice and cure or grace periods, shall, at the option of the Holder, be considered a default under this Note and the Other Agreements, in which event the Holder shall be entitled (but in no event required) to apply all rights and remedies of the Holder under the terms of this Note and the Other Agreements by reason of a default under said Other Agreement or hereunder. "Other Agreements" means, collectively, all agreements and instruments between, among or by: (1) the Borrower, and, or for the benefit of, (2) the Holder and any affiliate of the Holder, including, without limitation, promissory notes; provided, however, the term "Other Agreements" shall not include the related or companion documents to this Note. Each of the loan transactions will be cross-defaulted with each other loan transaction and with all other existing and future debt of Borrower to the Holder.

UPON THE OCCURRENCE AND DURING THE CONTINUATION OF ANY EVENT OF DEFAULT SPECIFIED IN SECTION 3.2, THE NOTE SHALL BECOME IMMEDIATELY DUE AND PAYABLE AND THE BORROWER SHALL PAY TO THE HOLDER, IN FULL SATISFACTION OF ITS OBLIGATIONS HEREUNDER, AN AMOUNT EQUAL TO:(Y) THE DEFAULT AMOUNT (AS DEFINED HEREIN); MULTIPLIED BY (Z) TWO (2). Upon the occurrence of any Event of Default (other than as specified in Section 3.2 hereof), the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to 150% times the sum of (w) the then outstanding principal amount of this Note plus (x) accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment (the "Mandatory Prepayment Date") plus (y) Default Interest, if any, on the amounts referred to in clauses (w) and/or (x) plus (z) any amounts owed to the Holder pursuant to Sections 1.3 and 1.4(g) hereof (the then outstanding principal amount of this Note to the date of payment plus the amounts referred to in clauses (x), (y) and (z) shall collectively be known as the "Default Amount") and all other amounts payable hereunder shall immediately become due and payable, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

If the Borrower fails to pay the Default Amount within five (5) business days of written notice that such amount is due and payable, then the Holder shall have the right at any time, so long as the Borrower remains in default (and so long and to the extent that there are sufficient authorized shares), to require the Borrower, upon written notice, to immediately issue, in lieu of the Default Amount, the number of shares of Common Stock of the Borrower equal to the Default Amount divided by the Conversion Price then in effect, with such issuance of shares of Common Stock satisfying all remaining obligations of Borrower under the Note.

ARTICLE IV. MISCELLANEOUS

4.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privileges. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

4.2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or electronic mail, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by electronic mail, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Borrower, to:

SUPER LEAGUE ENTERPRISE, INC.
2856 Colorado Ave.
Santa Monica, California 90404
Attn: Ann Hand, Chief Executive Officer
Email: ann.hand@superleague.com

If to the Holder:
1800 DIAGONAL LENDING LLC
1800 Diagonal Road, Suite 623
Alexandria VA 22314
Attn: Curt Kramer, President
e-mail: ckramer6@bloomberg.net

4.3 Amendments. This Note and any provision hereof may only be amended by an instrument in writing signed by the Borrower and the Holder. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument (and the other Notes issued pursuant to the Purchase Agreement) as originally executed, or if later amended or supplemented, then as so amended or supplemented.

4.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to be the benefit of the Holder and its successors and assigns. Each transferee of this Note must be an "accredited investor" (as defined in Rule 501(a) of the Securities and Exchange Commission). Notwithstanding anything in this Note to the contrary, this Note may be pledged as collateral in connection with a bona fide margin account or other lending arrangement; and may be assigned by the Holder without the consent of the Borrower.

4.5 Cost of Collection. If default is made in the payment of this Note, the Borrower shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

4.6 Governing Law. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Note shall be brought only in the Circuit Court of Fairfax County, Virginia or in the Alexandria Division of the United States District Court for the Eastern District of Virginia. The parties to this Note hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any objection or defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Borrower and Holder waive trial by jury. The Holder shall be entitled to recover from the Borrower its reasonable attorney's fees and costs incurred in connection with or related to any Event of Default by the Company, as defined in Article III hereof. In the event that any provision of this Note or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof or any agreement delivered in connection herewith. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Note, any agreement or any other document delivered in connection with this Note by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

4.7 Purchase Agreement. By its acceptance of this Note, each party agrees to be bound by the applicable terms of the Purchase Agreement.

4.8 Remedies. The Borrower acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder, by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Borrower acknowledges that the remedy at law for a breach of its obligations under this Note will be inadequate and agrees, in the event of a breach or threatened breach by the Borrower of the provisions of this Note, that the Holder shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Note and to enforce specifically the terms and provisions thereof, without the necessity of showing economic loss and without any bond or other security being required.

IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by its duly authorized officer this on March 26, 2025.

SUPER LEAGUE ENTERPRISE, INC.

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

EXHIBIT A -- NOTICE OF CONVERSION

The undersigned hereby elects to convert $________________ principal amount of the Note (defined below) into that number of shares of Common Stock to be issued pursuant to the conversion of the Note ("Common Stock") as set forth below, of SUPER LEAGUE ENTERPRISE, INC., a Delaware corporation (the "Borrower") according to the conditions of the convertible note of the Borrower dated as of March 26, 2025 (the "Note"), as of the date written below. No fee will be charged to the Holder for any conversion, except for transfer taxes, if any.

Box Checked as to applicable instructions:

[ ] The Borrower shall electronically transmit the Common Stock issuable pursuant to this Notice of Conversion to the account of the undersigned or its nominee with DTC through its Deposit Withdrawal Agent Commission system ("DWAC Transfer").

Name of DTC Prime Broker:
Account Number:

[ ] The undersigned hereby requests that the Borrower issue a certificate or certificates for the number of shares of Common Stock set forth below (which numbers are based on the Holder's calculation attached hereto) in the name(s) specified immediately below or, if additional space is necessary, on an attachment hereto:

Date of conversion:	________________
Applicable Conversion Price:	$________________
Number of shares of common stock to be issued pursuant to conversion of the Notes:	________________
Amount of Principal Balance due remaining under the Note after this conversion:	________________

1800 DIAGONAL LENDING LLC

By:____________________________
Name:
Title:
Date: ______________

Exhibit 10.73

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the "Agreement"), dated as of March 26, 2025, by and between **SUPER LEAGUE ENTERPRISE, INC.**, a Delaware corporation, with its address at 2856 Colorado Ave., Santa Monica, California 90404 (the "Company"), and **1800 DIAGONAL LENDING LLC**, a Virginia limited liability company, with its address at 1800 Diagonal Road, Suite 623, Alexandria VA 22314 (the "Buyer").

WHEREAS:

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act"); and

B. Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement, a convertible note of the Company, in the form attached hereto as Exhibit A, in the aggregate principal amount of $300,000.00 (including $14,250.00 of Original Issue Discount) (the "Note").

NOW THEREFORE, the Company and the Buyer severally (and not jointly) hereby agree as follows:

1. Purchase and Sale of the Securities.

a. Purchase of the Securities. On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company the Securities as is set forth immediately below the Buyer's name on the signature pages hereto.

b. Form of Payment. On the Closing Date (as defined below), (i) the Buyer shall pay the purchase price for the Securities be issued and sold to it at the Closing (as defined below) (the "Purchase Price") by wire transfer of immediately available funds to the Company, in accordance with the Company's written wiring instructions, against delivery of the Securities (as defined herein), and (ii) the Company shall deliver such duly executed Note on behalf of the Company against delivery of such Purchase Price.

c. Closing Date. Subject to the satisfaction (or written waiver) of the conditions thereto set forth in Section 6 and Section 7 below, the date and time of the issuance and sale of the Securities pursuant to this Agreement (the "Closing Date") shall be 4pm, Eastern Daylight Time on or about March 26, 2025, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the "Closing") shall occur on the Closing Date at such location as may be agreed to by the parties.

2. Buyer's Representations and Warranties. The Buyer represents and warrants to the Company that:

a. Investment Purpose. As of the date hereof, the Buyer is purchasing the Note and the shares of Common Stock of the Company ("Common Stock") issuable upon conversion of or otherwise pursuant to the Note (such shares of Common Stock being collectively referred to herein as the "Conversion Shares" and, collectively with the Note, the "Securities") for its own account and not with a present view towards the public sale or distribution thereof, except pursuant to sales registered or exempted from registration under the 1933 Act.

b. Accredited Investor Status. The Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D (an "Accredited Investor").

c. Reliance on Exemptions. The Buyer understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Securities.

d. Information. The Company has not disclosed to the Buyer any material nonpublic information and will not disclose such information unless such information is disclosed to the public prior to or promptly following such disclosure to the Buyer.

e. Legends. The Buyer understands that the Securities have not been registered under the 1933 Act; and may bear a restrictive legend in substantially the following form:

> "THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS, AND MAY NOT BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT THERETO IS EFFECTIVE UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (2) THE ISSUER OF SUCH SECURITIES RECEIVES AN OPINION OF COUNSEL TO THE BUYER OF SUCH SECURITIES, WHICH COUNSEL AND OPINION ARE REASONABLY ACCEPTABLE TO THE ISSUER'S TRANSFER AGENT, THAT SUCH SECURITIES MAY BE PLEDGED, SOLD, ASSIGNED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS."

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the Buyer of any Security upon which it is stamped, if, unless otherwise required by applicable state securities laws, (a) such Security is registered for sale under an effective registration statement filed under the 1933 Act or otherwise may be sold pursuant to an exemption from registration without any restriction as to the number of securities as of a particular date that can then be immediately sold, or (b) such Buyer provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions, to the effect that a public sale or transfer of such Security may be made without registration under the 1933 Act, which opinion shall be accepted by the Company so that the sale or transfer is effected. The Buyer agrees to sell all Securities, including those represented by a certificate(s) from which the legend has been removed, in compliance with applicable prospectus delivery requirements, if any. In the event that the Company does not reasonably accept the opinion of counsel that properly conforms to applicable securities laws provided by the Buyer with respect to the transfer of any Securities pursuant to an exemption from registration, such as Rule 144, at the Deadline, it will be considered an Event of Default pursuant to Section 3.2 of the Note.

f. Authorization; Enforcement. This Agreement has been duly and validly authorized. This Agreement has been duly executed and delivered on behalf of the Buyer, and this Agreement constitutes a valid and binding agreement of the Buyer enforceable in accordance with its terms.

3. Representations and Warranties of the Company. The Company represents and warrants to the Buyer that:

a. Organization and Qualification. The Company and each of its Subsidiaries (as defined below), if any, is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, with full power and authority (corporate and other) to own, lease, use and operate its properties and to carry on its business as and where now owned, leased, used, operated and conducted. "Subsidiaries" means any corporation or other organization, whether incorporated or unincorporated, in which the Company owns, directly or indirectly, any equity or other ownership interest.

b. Authorization; Enforcement. (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Note and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Note by the Company and the consummation by it of the transactions contemplated hereby and thereby (including without limitation, the issuance of the Note has been duly authorized by the Company's Board of Directors and no further consent or authorization of the Company, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Company by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Company accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Company of the Note, each of such instruments will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

c. Capitalization. As of the date hereof, the authorized common stock of the Company consists of: (i) 400,000,000 authorized shares of Common Stock, $0.001 par value per share, of which 17,719,586 shares are issued and outstanding; and (ii) 10,0000,000 authorized shares of preferred stock, $0.001 par value per share, of which 16,669 shares are issued and outstanding. All of such outstanding shares of capital stock are, or upon issuance will be, duly authorized, validly issued, fully paid and non-assessable.

d. Issuance of Shares. The Securities are duly authorized and reserved for issuance in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Company and will not impose personal liability upon the Buyer thereof.

e. No Conflicts. The execution, delivery and performance of this Agreement, the Note by the Company and the consummation by the Company of the transactions contemplated hereby and thereby will not (i) conflict with or result in a violation of any provision of the Certificate of Incorporation or By-laws, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect). The businesses of the Company and its Subsidiaries, if any, are not being conducted, and shall not be conducted so long as the Buyer owns any of the Securities, in violation of any law, ordinance or regulation of any governmental entity. “Material Adverse Effect” means any material adverse effect on the business, operations, assets, financial condition or prospects of the Company or its Subsidiaries, if any, taken as a whole, or on the transactions contemplated hereby or by the agreements or instruments to be entered into in connection herewith.

f. SEC Documents; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “1934 Act”) (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the “SEC Documents”). Upon written request the Company will provide electronic links to www.sec.gov to the Buyer where all final versions of the SEC Documents can be reviewed. As of their respective dates or if amended, as of the dates of the amendments, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). As of their respective dates or if amended, as of the dates of the amendments, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with United States generally accepted accounting principles, consistently applied, during the periods involved and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). The Company is subject to the reporting requirements of the 1934 Act.

g. Absence of Certain Changes. Since September 30, 2024, except as set forth in the SEC Documents, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or 1934 Act reporting status of the Company or any of its Subsidiaries.

h. Absence of Litigation. Except as set forth in the SEC Documents, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. The Company and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

i. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the 1933 Act of the issuance of the Securities to the Buyer. The issuance of the Securities to the Buyer will not be integrated with any other issuance of the Company's securities (past, current or future) for purposes of any shareholder approval provisions applicable to the Company or its securities.

j. No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

k. No Investment Company. The Company is not, and upon the issuance and sale of the Securities as contemplated by this Agreement will not be an "investment company" required to be registered under the Investment Company Act of 1940 (an "Investment Company"). The Company is not controlled by an Investment Company.

l. Breach of Representations and Warranties by the Company. If the Company breaches any of the material representations or warranties set forth in this Section 3 which is continuing after the applicable cure period as set forth in the Note, if any, and in addition to any other remedies available to the Buyer pursuant to this Agreement, it will be considered an Event of default under Section 4.4 of the Note.

4. COVENANTS.

a. Best Efforts. The Company shall use its reasonable commercial efforts to satisfy timely each of the conditions described in Section 7 of this Agreement.

b. Use of Proceeds. The Company shall use the proceeds for general working capital purposes.

c. Expenses. At the Closing, the Company's obligation with respect to the transactions contemplated by this Agreement is to reimburse Buyer' expenses shall be $7,000.00 for Buyer's legal fees and due diligence fee.

d. Corporate Existence. So long as the Buyer beneficially owns any Note, the Company shall maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except with the prior written consent of the Buyer.

e. Breach of Covenants. If the Company breaches any of the material covenants set forth in this Section 4, and in addition to any other remedies available to the Buyer pursuant to this Agreement which is continuing after the applicable cure period as set forth in the Note, it will be considered an event of default under Section 4.4 of the Note.

f. Failure to Comply with the 1934 Act. So long as the Buyer beneficially owns the Note, the Company shall comply with the reporting requirements of the 1934 Act; and the Company shall continue to be subject to the reporting requirements of the 1934 Act.

g. The Buyer is Not a "Dealer". The Buyer and the Company hereby acknowledge and agree that the Buyer has not: (i) acted as an underwriter; (ii) acted as a market maker or specialist; (iii) acted as "de facto" market maker; or (iv) conducted any other professional market activities such as providing investment advice, extending credit and lending securities in connection; and thus that the Buyer is not a "Dealer" as such term is defined in the 1934 Act.

5. Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent to issue certificates, registered in the name of the Buyer or its nominee, for the shares underlying any conversion of the Note upon default of the Note (the "Conversion Shares") in such amounts as specified from time to time by the Buyer to the Company upon conversion of the Note in accordance with the terms thereof (the "Irrevocable Transfer Agent Instructions"). In the event that the Company proposes to replace its transfer agent, the Company shall provide, prior to the effective date of such replacement, a fully executed Irrevocable Transfer Agent Instructions in a form as initially delivered pursuant to this Agreement (including but not limited to the provision to irrevocably reserve shares of Common Stock in the Reserved Amount as such term is defined in the Note) signed by the successor transfer agent to Company and the Company. Prior to registration of the Conversion Shares under the 1933 Act or the date on which the Conversion Shares may be sold pursuant to an exemption from registration, all such certificates shall bear the restrictive legend specified in Section 2(e) of this Agreement. The Company warrants that: (i) no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5, will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Note; (ii) it will not direct its transfer agent not to transfer or delay, impair, and/or hinder its transfer agent in transferring (or issuing)(electronically or in certificated form) any certificate for Conversion Shares to be issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and this Agreement; and (iii) it will not fail to remove (or directs its transfer agent not to remove or impairs, delays, and/or hinders its transfer agent from removing) any restrictive legend (or to withdraw any stop transfer instructions in respect thereof) on any certificate for any Conversion Shares issued to the Buyer upon conversion of or otherwise pursuant to the Note as and when required by the Note and/or this Agreement. If the Buyer provides the Company and the Company's transfer, at the cost of the Buyer, with an opinion of counsel in form, substance and scope customary for opinions in comparable transactions, to the effect that a public sale or transfer of such Securities may be made without registration under the 1933 Act, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates, free from restrictive legend, in such name and in such denominations as specified by the Buyer. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer, by vitiating the intent and purpose of the transactions contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 may be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section, that the Buyer shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. Conditions to the Company's Obligation to Sell. The obligation of the Company hereunder to issue and sell the Securities to the Buyer at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

a. The Buyer shall have executed this Agreement and delivered the same to the Company.

b. The Buyer shall have delivered the Purchase Price in accordance with Section 1(b) above.

c. The representations and warranties of the Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and the Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Buyer at or prior to the Closing Date.

d. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

7. Conditions to The Buyer's Obligation to Purchase. The obligation of the Buyer hereunder to purchase the Securities at the Closing is subject to the satisfaction, at or before the Closing Date of each of the following conditions, provided that these conditions are for the Buyer's sole benefit and may be waived by the Buyer at any time in its sole discretion:

a. The Company shall have executed this Agreement and delivered the same to the Buyer.

b. The Company shall have delivered to the Buyer the duly executed Note, in accordance with Section 1(b) above.

c. The Irrevocable Transfer Agent Instructions, in form and substance satisfactory to the Buyer, shall have been delivered to and acknowledged in writing by the Company's Transfer Agent.

d. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at such time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the Closing Date. The Buyer shall have received a certificate or certificates, executed by the chief executive officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Buyer including, but not limited to certificates with respect to the Board of Directors' resolutions relating to the transactions contemplated hereby.

e. No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

f. No event shall have occurred which could reasonably be expected to have a Material Adverse Effect on the Company including but not limited to a change in the 1934 Act reporting status of the Company or the failure of the Company to be timely in its 1934 Act reporting obligations.

8. Governing Law; Miscellaneous.

a. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the Circuit Court of Fairfax County, Virginia or in the Alexandria Division of the United States District Court for the Eastern District of Virginia. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. The Company and Buyer waive trial by jury. The Buyer shall be entitled to recover from the Company its reasonable attorney's fees and costs. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement, the Note or any related document or agreement by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

b. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

c. Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

e. Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the majority in interest of the Buyer.

f. Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be as set forth in the heading of this Agreement. Each party shall provide notice to the other party of any change in address.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor the Buyer shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other. Notwithstanding the foregoing, the Buyer may assign its rights hereunder to any person that purchases Securities in a private transaction from the Buyer or to any of its “affiliates,” as that term is defined under the 1934 Act, without the consent of the Company.

h. Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all their officers, directors, employees and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

i. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

k. Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

SUPER LEAGUE ENTERPRISE, INC.

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

1800 DIAGONAL LENDING LLC

By: /s/ *Curt Kramer*
Curt Kramer
President

Aggregate Principal Amount of Note:	$	300,000.00
Original Issue Discount	$	14,250.00
Aggregate Purchase Price:	$	285,750.00

Exhibit 10.74

SUPER LEAGUE ENTERPRISE, INC.

NOTE PURCHASE AGREEMENT

This Note Purchase Agreement (this "***Agreement***") is made as of March 28, 2025 (the "***Effective Date***"), by and among Super League Enterprise, Inc., a Delaware corporation (the "***Company***"), and the investors listed in Appendix A to this Agreement (each a "***Purchaser***" and together the "***Purchasers***").

The parties hereby agree as follows:

1. Purchase and Sale of Unsecured Promissory Notes.

1.1 Sale and Issuance.

(a) Subject to the terms and conditions of this Agreement, each Purchaser agrees, severally and not jointly, to purchase at the Closing (as defined below), and the Company agrees to sell and issue to such Purchaser at such Closing, an Unsecured Promissory Note (the "***Note***"), in the original principal amount set forth opposite such Purchaser's name on Appendix A hereto with respect to such Closing, and in the form attached hereto as Exhibit A. The Notes issued to the Purchasers pursuant to this Agreement at the Closings (as defined below) shall be referred to in this Agreement as the "***Notes***." The Notes, and the shares of common stock issuable in conjunction with the Notes (as applicable), shall be collectively referred to herein as the "***Securities***." The Company is authorized to sell and issue up to one million five hundred dollars ($1,500,000.00) of Notes pursuant to this Agreement.

1.2 Closings; Delivery.

(a) The purchase, sale and issuance of the Notes shall take place at three (3) closings: (i) a closing in the amount of $300,000 on March 28, 2025, (ii) a closing in the amount of $600,000 on April 14, 2025, and (iii) a final closing in the amount of $600,000 on April 28, 2025 (collectively, the "***Closing***"). The Closing shall take place remotely via the electronic exchange of documents and signatures on the date hereof.

(b) At the Closing, the Company shall deliver to each Purchaser participating the following: (i) an executed Agreement; and (ii) an executed Note in the form attached hereto as Exhibit A, the entirety of which shall represent the Note being purchased by such Purchaser at such Closing against payment of the purchase price therefor by wire transfer to the bank account of the Company listed in the term sheet.

1.3 Use of Proceeds. The Company shall use the proceeds from the sale of the Notes for working capital and general corporate purposes.

1.4 Defined Terms Used in this Agreement. In addition to the terms defined elsewhere in this Agreement, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below.

(a)“ ***Affiliate***” means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by or is under common control with such Person, including, without limitation, any general partner, managing member, officer or director of such Person, or such Person’s principal, or any venture capital fund, financial investment firm or collective investment vehicle now or hereafter existing that is controlled by one or more general partners or managing members (or any affiliates thereof, which shall include any series or cell of a general partner or managing member that is structured as a series limited liability company) of, or shares the same management company with, such Person. For purposes of this definition, the terms “controlling,” “controlled by,” or “under common control with” shall mean the possession, directly or indirectly, of (i) the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, or (ii) the power to elect or appoint at least 50% of the directors, managers, general partners, or Persons exercising similar authority with respect to such Person. For the avoidance of doubt, an “Affiliate” of a specified Person shall include (x) such Person’s partners, members, stockholders, other equity owners, officers, directors, managers, former or retired partners, former or retired members, former or retired stockholders, former or retired other equity owners, and the estate of any of the foregoing and (y) a parent or subsidiary of a Person that is an entity.

(b)“ ***Board***” means the board of directors of the Company.

(c)“ ***Code***” means the Internal Revenue Code of 1986, as amended.

(d)“ ***Company Covered Person***” means, with respect to the Company as an “issuer” for purposes of Rule 506 promulgated under the Securities Act, any Person listed in the first paragraph of Rule 506(d)(1).

(e)“ ***Company Intellectual Property***” means all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, tradenames, copyrights, trade secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, licenses in, to and under any of the foregoing, and any and all such cases as are necessary to the Company in the conduct of the Company’s business as now conducted and as presently proposed to be conducted.

(f)“ ***Key Employee***” means any executive-level employee.

(g)“ ***Knowledge***” including the phrase “***to the Company’s knowledge***” shall mean the actual knowledge, after reasonable investigation, of Ann Hand, CEO, and Clayton Haynes, CFO.

(h)“ ***Material Adverse Effect***” means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, prospects, or results of operations of the Company.

(i)“ ***Person***” means any individual, corporation, partnership, trust, limited liability company, association, or other entity.

(j)" ***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(k)" ***Transaction Agreements***" means this Agreement and the Note.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchasers that the following representations are true and complete. In addition, the public filings made by the Company with the Securities and Exchange Commission ("***SEC***") under the Securities Act, and the Securities Exchange Act of 1934, as amended are incorporated herein by this reference in their entirety. representations and warranties set forth herein.

2.1 Organization, Good Standing, Corporate Power and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to continue its business as presently conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect.

2.2 Subsidiaries; Securities Held in Third Party Entities. The Company has two (2) wholly-owned subsidiaries, consisting of InPvP, LLC and Bannerfy (UK) Ltd. The Company is not a participant in any partnership or similar arrangement, other than license agreements with third parties in the ordinary course and scope of the Company's business.

2.3 Authorization. All corporate action required to be taken by the Board in order to authorize the Company to enter into the Transaction Agreements, and to issue the Notes at each Closing. All action on the part of the officers of the Company necessary for the execution and delivery of the Transaction Agreements, the performance of all obligations of the Company under the Transaction Agreements to be performed as of the Closing has been taken or shall be taken prior to such Closing. The Transaction Agreements, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

2.4 Valid Issuance of Securities. The Securities, when issued, sold, and delivered in accordance with the terms and for the consideration set forth in this Agreement, shall be validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Agreements, applicable state and federal securities laws and liens or encumbrances created by or imposed by a Purchaser.

(b) No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) of the Securities Act (a "***Disqualification Event***") is applicable to the Company or, to the Company's knowledge, any Company Covered Person, except for a Disqualification Event as to which Rule 506(d)(2)(ii–iv) or (d)(3), is applicable. The Company has exercised reasonable care, in accordance with SEC rules and guidance, to determine whether any Company Covered Person is subject to any Disqualification Event. The Company has complied, to the extent applicable, with any disclosure obligations under Rule 506(e) under the Securities Act.

2.5 Governmental Consents and Filings. Assuming the accuracy of the representations made by the Purchasers in Section 3 of this Agreement, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of the Company in connection with the consummation of the transactions contemplated by this Agreement, except for (i) filings pursuant to Regulation D of the Securities Act, and applicable state securities laws, which shall be made in a timely manner. Intellectual Property. The Company owns or possesses sufficient legal rights to all Company Intellectual Property without (i) any conflict with, or infringement of, the rights of others, other than the rights of third parties in, to and under third-party patents and patent applications ("***Third-Party Patent Rights***"), and (ii) to the knowledge of the Company, any conflict with, or infringement of, any Third-Party Patent Rights. To the knowledge of the Company, no product or service marketed or sold (or proposed to be marketed or sold) by the Company violates any license or infringes (x) any intellectual property rights of any other party other than Third-Party Patent Rights and (y) to the knowledge of the Company, any Third-Party Patent Rights. There are no outstanding options, licenses, agreements, claims, encumbrances or shared ownership interests of any kind relating to the Company Intellectual Property other than relating to an accounts receivable facility, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights and processes of any other Person. The Company is not aware of any violation by a third party of any Company Intellectual Property, and the Company has not received any communications alleging that the Company has violated or, by conducting its business, would violate any of the patents, trademarks, service marks, tradenames, copyrights, trade secrets, mask works or other proprietary rights or processes of any other Person. The Company has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the Company's business. Compliance. The Company is not in violation or default (i) of any provisions of its Amended & Restated Certificate of Incorporation or Bylaws, or (ii) to its knowledge, of any provision of federal or state statute, rule or regulation applicable to the Company, the violation of which would have a Material Adverse Effect. Agreements; Actions. The Company has not (i) declared or paid any dividends or authorized or made any distribution upon or with respect to any class or series of its capital stock, or (ii) sold, exchanged, or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business.

(b) The Company is not a guarantor or indemnitor of any indebtedness of any other Person.

2.9 Certain Transactions.

(a) None of the Company's directors, officers or employees, or any members of their immediate families, or any Affiliate of the foregoing are, directly or indirectly, indebted to the Company or, to the Company's knowledge, have any (i) material commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationship with any of the Company's suppliers, service providers, joint venture partners, licensees and/or competitors, (ii) direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation which competes with the Company except that directors, officers or employees or stockholders of the Company may own stock in (but not exceeding one percent (1%) of the outstanding capital stock of) publicly traded companies that may compete with the Company, or (iii) financial interest in any material contract with the Company.

2.10 Property. Notwithstanding the encumbrance in favor of the Company's account receivable financier, the property and assets that the Company owns are free and clear of all mortgages, deeds of trust, liens, loans, and encumbrances, except for statutory liens for the payment of current taxes that are not yet delinquent and encumbrances and liens that arise in the ordinary course of business and do not materially impair the Company's ownership or use of such property or assets. With respect to the property and assets it leases, the Company is in compliance with such leases and, to its knowledge, holds a valid leasehold interest free of any liens, claims or encumbrances other than those of the lessors of such property or assets. The Company does not own any real property.

2.11 Employee Matters.

(a) To the Company's knowledge, none of its employees is obligated under any contract (including licenses, covenants, or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, which would materially interfere with such employee's ability to promote the interest of the Company or that would conflict with the Company's business. Neither the execution or delivery of the Transaction Agreements, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as now conducted and as presently proposed to be conducted, shall, to the Company's knowledge, conflict with or result in a breach of the terms, conditions, or provisions of, or constitute a default under, any contract, covenant, or instrument under which any such employee is now obligated.

(b) To the Company's knowledge, no Key Employee intends to terminate employment with the Company or is otherwise likely to become unavailable to continue as a Key Employee, nor does the Company have a present intention to terminate the employment of any of the foregoing. The employment of each employee of the Company is terminable at the sole discretion of the Company, other than executives who have employment agreements with the Company.

(c) The Company has not made any representations regarding equity incentives to any officer, employee, director, or consultant that are inconsistent with the share amounts and terms set forth in the minutes of meetings of the Board.

(d) The Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express, or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the knowledge of the Company, has sought to represent any of the employees, representatives, or agents of the Company. There is no strike or other labor dispute involving the Company pending, or to the Company's knowledge, threatened, which could have a Material Adverse Effect, nor is the Company aware of any labor organization activity involving its employees.

(e) None of the Key Employees or officers or directors of the Company has been (i) subject to voluntary or involuntary petition under the federal bankruptcy laws or any state insolvency law or the appointment of a receiver, fiscal agent or similar officer by a court for his business or property; (ii) convicted in a criminal proceeding or named as a subject of a pending criminal proceeding (excluding traffic violations and other minor offenses); (iii) subject to any order, judgment or decree (not subsequently reversed, suspended, or vacated) of any court of competent jurisdiction permanently or temporarily enjoining him from engaging, or otherwise imposing limits or conditions on his engagement in any securities, investment advisory, banking, insurance, or other type of business or acting as an officer or director of a public company; or (iv) found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities, commodities, or unfair trade practices law, which such judgment or finding has not been subsequently reversed, suspended, or vacated.

2.12 Insurance. The Company carries adequate automobile liability insurance coverage, directors and officer's insurance coverage, employer practices liability insurance coverage, general liability coverage, errors and omissions coverage, and cyber insurance coverage, among other coverages.

2.13 Employee Agreements. Each current and former employee, consultant and officer of the Company has executed an agreement with the Company regarding confidentiality and proprietary information (collectively, the "***Confidential Information Agreements***"). To the Company's knowledge, no current or former Key Employee has excluded works or inventions from his or her assignment of inventions pursuant to such Key Employee's Confidential Information Agreement. Each current and former Key Employee has executed a non-solicitation agreement.

2.14 Permits. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which could reasonably be expected to have a Material Adverse Effect. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

3. Representations and Warranties of the Purchasers. Each Purchaser hereby represents and warrants to the Company, severally and not jointly, that:

3.1 Authorization. The Purchaser has full power and authority to enter into the Transaction Agreements. The Transaction Agreements to which the Purchaser is a party, when executed and delivered by the Purchaser, shall constitute valid and legally binding obligations of the Purchaser, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2 Purchase Entirely for Own Account. This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Notes to be acquired by the Purchaser shall be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of applicable securities laws. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Notes.

3.3 Disclosure of Information. The Purchaser has had an opportunity to discuss the Company's business, management, financial affairs and the terms and conditions of the offering of the Notes with the Company's management. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Purchasers to rely thereon.

3.4 Restricted Securities. The Purchaser understands that the Securities have not been registered under the Securities Act, by reason of exemptions from the registration provisions of the Securities Act which relies upon, inter alia, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that the Notes are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Securities indefinitely unless they are registered with the Securities and Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. The Purchaser acknowledges that the Company has no obligation to register or qualify the Securities. The Purchaser further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Securities, and on requirements relating to the Company which are outside of the Purchaser's control, and which the Company is under no obligation and may not be able to satisfy.

3.5 Legends. The Purchaser understands that the Securities, and any securities issued in respect of or exchange for the Securities, may be notated with a legend similar to the following:

> "THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933, AS AMENDED."

(a) Any legend set forth in, or required by, the other Transaction Agreements; and

(b) Any legend required by the securities laws of any state to the extent such laws are applicable to the Securities represented by the certificate, instrument, or book entry so legended.

3.6 Accredited Investor. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

3.7 Exculpation Among Purchasers. The Purchaser acknowledges that it is not relying upon any Person, other than the Company and its officers and directors, in making its investment decision to invest in the Company. The Purchaser agrees that neither any Purchaser nor the respective controlling Persons, officers, directors, partners, agents, or employees of any Purchaser shall be liable to any other Purchaser for any action heretofore taken or omitted to be taken by any of them in connection with the purchase of the Notes.

3.8 Residence. If the Purchaser is an individual, then the Purchaser resides in the state or province or country identified in the address of the Purchaser set forth in Appendix A hereto; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth in sign hereto.

4. Conditions to the Purchasers' Obligations at Closing. The obligations of each Purchaser to purchase Notes at the Closing are subject to the fulfillment of the following conditions unless otherwise waived by such Purchaser:

4.1 Representations and Warranties.

(a) The representations and warranties of the Company contained in Section 2 shall be true and correct in all respects as of the date of the Closing.

4.2 Performance. The Company shall have performed and complied with all covenants, agreements, obligations, and conditions contained in this Agreement that are required to be performed or complied with by the Company on or before the Closing.

4.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Notes pursuant to this Agreement shall be obtained and effective as of the Closing.

4.4 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to each Purchaser, and each Purchaser (or its counsel) shall have received all such counterpart original and certified or other copies of such documents as reasonably requested.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to sell Notes to the Purchasers at the Closing are subject to the fulfillment, on or before the Closing, of each of the following conditions, unless otherwise waived:

5.1 Representations and Warranties. The representations and warranties of each Purchaser contained in Section 3 shall be true and correct in all respects as of the Closing.

5.2 Performance. The Purchasers shall have performed and complied with all covenants, agreements, obligations, and conditions contained in this Agreement that are required to be performed or complied with by them on or before the Closing.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Notes pursuant to this Agreement shall be obtained and effective as of the Closing.

6. Miscellaneous.

6.1 Survival of Warranties. Unless otherwise set forth in this Agreement, the representations and warranties of the Company and the Purchasers contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Purchasers or the Company.

6.2 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6.3 Governing Law. This Agreement shall be governed by and construed under the internal laws of the State of Delaware, irrespective of conflict of law principles.

6.4 Counterparts. This Agreement may be executed and delivered via (i) the DocuSign digital signature service, or (ii) by facsimile signature and in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.5 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.6 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt, or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth in Appendix A hereto, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 6.6..

6.7 Attorneys' Fees. If any action at law or in equity (including, arbitration) is necessary to enforce or interpret the terms of any of the Transaction Agreements, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

6.8 Amendments and Waivers. Any term of this Agreement may be amended, terminated, or waived only with the written consent of the Company and (a) the holders of at least a majority of the then-outstanding Notes or (b) for an amendment, termination or waiver effected prior to the Closing, Purchasers obligated to purchase at least a majority of the Notes to be issued at the Closing. Any amendment or waiver effected in accordance with this Section 6.8 shall be binding upon each Purchaser and each transferee of the Notes, each future holder of the Notes, and the Company.

6.9 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

6.10 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.11 Entire Agreement. This Agreement (including the Exhibits hereto), and the other Transaction Agreements, constitute the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

6.12 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the federal and state courts located in Los Angeles County, California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the federal and state courts located in Los Angeles County, California, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL

6.13 No Commitment for Additional Financing. The Company acknowledges and agrees that no Purchaser has made any representation, undertaking, commitment or agreement to provide or assist the Company in obtaining any financing, investment, or other assistance, other than the purchase of the Notes as set forth herein and subject to the conditions set forth herein. In addition, the Company acknowledges and agrees that (a) no statements, whether written or oral, made by any Purchaser or its representatives on or after the date of this Agreement shall create an obligation, commitment or agreement to provide or assist the Company in obtaining any financing or investment, (b) the Company shall not rely on any such statement by any Purchaser or its representatives, and (c) an obligation, commitment or agreement to provide or assist the Company in obtaining any financing or investment may only be created by a written agreement, signed by such Purchaser and the Company, setting forth the terms and conditions of such financing or investment and stating that the parties intend for such writing to be a binding obligation or agreement. Each Purchaser shall have the right, in its sole and absolute discretion, to refuse or decline to participate in any other financing of or investment in the Company and shall have no obligation to assist or cooperate with the Company in obtaining any financing, investment or other assistance.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Note Purchase Agreement as of the date first written above.

COMPANY:

SUPER LEAGUE ENTERPRISE, INC.

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

Address: 2856 Colorado Ave.
Santa Monica, CA 90404

PURCHASER:

BELLEAU WOOD CAPITAL LP,
including its assigns

By: /s/ *Michael Layman*

Name: -Michael Layman

Title: CEO

APPENDIX A

PRIVATE PLACEMENT OFFERING OF
SUPER LEAGUE ENTERPRISE, INC.
SUBSCRIPTION INSTRUCTIONS

To subscribe for Notes in the private placement of Super League Enterprise, Inc.:

1. **Complete and Sign** the Signature Page to the Subscription Agreement.

2. **Initial** the Accredited Investor Certification attached to the Subscription Agreement (pages 16-18).

3. **Complete** and return the Investor Profile (pages 19-20).

4. **Complete and Sign** the Tax Certification for U.S. Persons or Non-U.S. Persons, as applicable (beginning on page 22).

5. **Scan and e-mail** all forms to Clayton Haynes – clayton.haynes@superleague.com.

6. **Please wire funds directly to the following Super League Enterprise bank account pursuant to the following instructions - <u>checks and ACH payments cannot be accepted</u>:**

   [***]

SUPER LEAGUE ENTERPRISE, INC.

OMNIBUS SIGNATURE PAGE TO THE

SUBSCRIPTION AGREEMENT

Purchaser hereby elects to subscribe under the Subscription Agreement for a total of $1,500,000 of Unsecured Promissory Notes (NOTE: to be completed by subscriber) and, by execution and delivery hereof, Purchaser hereby executes the Subscription Agreement and agrees to be bound by the terms and conditions of the Subscription Agreement.

If the Purchaser is an INDIVIDUAL, and if purchased as JOINT TENANTS, as TENANTS IN COMMON, or as COMMUNITY PROPERTY:

Print Name(s)	***Social Security Number(s)***
Signature(s) of Purchaser(s)	***Signature(s) of Purchaser(s)***
Date	***Address***
Fax Number (if any)	***Email Address(s)***

If the Purchaser is a PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY or TRUST:

Belleau Wood Capital, LP ***Name of Entity***	***Federal Taxpayer Identification Number***
By: /s/ Michael Layman ***Name:*** Michael Layman ***Title:*** CEO	***State of Organization***
March 28 2025 ***Date***	**Address**
Fax Number	**Email Address**

SUPER LEAGUE ENTERPRISE, INC.

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

SUPER LEAGUE ENTERPRISE, INC.

ACCREDITED INVESTOR CERTIFICATION

For Individual Investors Only

(all Individual Investors must INITIAL where appropriate):

Initial _______ I have an individual net worth, or joint net worth with my spouse or spousal equivalent, as of the date hereof in excess of $1 million. For purposes of calculating net worth under this category, (i) the undersigned's primary residence shall not be included as an asset, (ii) indebtedness that is secured by the undersigned's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability, (iii) to the extent that the indebtedness that is secured by the primary residence is in excess of the fair market value of the primary residence, the excess amount shall be included as a liability, and (iv) if the amount of outstanding indebtedness that is secured by the primary residence exceeds the amount outstanding 60 days prior to the execution of this Subscription Agreement, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability.

Initial _______ I have had an annual gross income for the past two years of in excess of $200,000 (or $300,000 jointly with my spouse or spousal equivalent) and expect my income (or joint income, as appropriate) to reach the same level in the current year.

Initial _______ I am a director or executive officer of Super League Enterprise, Inc.

Initial _______ I am a holder in good standing of the General Securities Representative license (Series 7), the Private Securities Offerings Representative license (Series 82), or the Licensed Investment Adviser Representative license (Series 65), each as issued by the Financial Industry Regulatory Authority, Inc.

Initial _______ I/we, am/are the grantor(s) of a revocable trust who meets one of the above categories (check all that apply).

For Non-Individual Investors

(all Non-Individual Investors must *INITIAL* where appropriate):

Initial _______ The investor certifies that it is a partnership, corporation, limited liability company or business trust that is 100% owned by persons who meet at least one of the criteria for Individual Investors set forth above.

Initial _______ The investor certifies that it is a partnership, corporation, limited liability company or any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, Massachusetts or similar business trust that has total assets in excess of $5,000,000 and was not formed for the purpose of investing in the Company.

Initial _______ The investor certifies that it is an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended, whose investment decision is made by a plan fiduciary (as defined in ERISA §3(21)) that is a bank, savings and loan association, insurance company or registered investment adviser.

Initial _______ The investor certifies that it is an employee benefit plan whose total assets exceed $5,000,000 as of the date of this Agreement.

Initial _______ The investor certifies that it is a self-directed employee benefit plan whose investment decisions are made solely by persons who meet any of the criteria for Individual Investors.

Initial _______ The investor certifies that it is a U.S. bank, U.S. savings and loan association or other similar U.S. institution acting in its individual or fiduciary capacity.

Initial _______ The investor certifies that it is a broker-dealer registered pursuant to §15 of the Securities Exchange Act of 1934, as amended.

Initial _______ The investor certifies that it is a trust with total assets in excess of $5,000,000, not formed for the specific purpose of investing in the Company, and whose purchase is directed by a person with such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment.

Initial _______ The investor certifies that it is a plan established and maintained by a state or its political subdivisions, or any agency or instrumentality thereof, for the benefit of its employees, and which has total assets in excess of $5,000,000.

Initial _______ The investor certifies that it is an insurance company as defined in §2(a)(13) of the Securities Act.

Initial _______ The investor certifies that it is an investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that Act.

Initial _______ The investor certifies that it is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended.

Initial _______ The investor certifies that it is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended.

Initial _______ The investor certifies that it is an investment adviser registered pursuant to Section 203 of the Investment Advisers Act of 1940, as amended, or registered pursuant to the laws of a state, or an investment adviser relying on the exemption from registering with the SEC under Section 203(l) or (m) of the Investment Advisers Act of 1940, as amended.

Initial _______ The investor certifies that is a Rural Business Investment Company as defined in section 384A of the Consolidated Farm and Rural Development Act of 1972, as amended.

Initial _______ The investor certifies that (A) it is a "family office" as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, as amended, (i) with assets under management in excess of $5,000,000, (ii) not formed for the specific purpose of acquiring the securities offered and (iii) whose investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment or (B) that it is a "family client" as defined in Rule 202(a)(11)(G)-1 of the Investment Advisers Act of 1940, as amended, of a family office meeting the criteria specified above.[1] https://www.troutman.com/insights/sec-amends-accredited-investor-definition.html?utm_source=vuture&utm_medium=email&utm_campaign=corporate%20advisories - _ftn5

Initial _______ The investor certifies that it is an entity not listed above that owns "investments,"[2] in excess of $5 million and that was not formed for the specific purpose of investing in the securities offered.[3]

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1 "Family offices" are generally defined under 275.202(a)(11)(G)-1 as private advisory entities established by families to manage their assets, plan for their families' financial future, provide other services to family members, and do not hold themselves out to the public as investment advisers. The SEC has previously observed that single family offices generally serve families with at least $100 million or more of investable assets.

2 Generally defined by Rule 2a51-1(b) under the Investment Company Act of 1940, as amended, as investments in independently controlled companies meeting certain minimum requirements and held for investment purposes.

3 Such additional forms of entities covered by this clause include, but are not limited to, Indian tribes, governmental bodies, funds, and entities organized under the laws of foreign countries.

SUPER LEAGUE ENTERPRISE, INC.
Investor Profile* (*Must be completed by Investor)

<u>Section A - Personal Investor Information</u>

For All Purchasers

Titling for Notes and Common Stock: ____

Individual(s) executing this subscription: ____

Social Security Number(s) for **<u>all</u>** signatories: ____

Entity - Federal Tax I.D. Number: ____

Date(s) of Birth: ______________

Marital Status: _______________

Years Investment Experience: ______________

Check if you are a FINRA member or affiliate of a FINRA member firm: ____

Check Investment Objective(s) (See definitions on following page): ____Preservation of Capital
____Income ____Capital Appreciation ____Trading Profits
____Speculation ____Other (please specify)

The source of funds for this investment is my personal or my entity's assets _____Yes _____No

For Purchasers as Individual or as Joint Tenants, Tenants in Common, and Community Property

Annual Income(s): ___________________

Liquid Net Worth(s):__________________

Net Worth(s) (excluding value of primary residence): ________________

Select Tax Bracket(s): ____ 15% or below ____ 25% - 27.5% ____ Over 27.5%

For All Purchasers, by the Primary Contact

Home Street Address: ____

Home City, State & Zip Code: ____

Home Phone: __________________ Home Fax: ________________Home Email: __________________

Employer: ___________________________________

Type of Business: ____________________________

Employer Street Address: ____

Employer City, State & Zip Code: ____

Bus. Phone: ___________________Bus. Fax:__________________ Bus. Email:_________________

For All Purchasers

If you are a ***United States citizen***, please list the number and jurisdiction of issuance of any other government-issued document evidencing residence and bearing a photograph or similar safeguard (such as a driver's license or passport), and provide a photocopy of each of the documents you have listed.

If you are ***NOT*** a ***United States citizen***, for each jurisdiction of which you are a citizen or in which you work or reside, please list (i) your passport number and country of issuance or (ii) alien identification card number AND (iii) number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard, and provide a photocopy of each of these documents you have listed.

Government-Issued Identification Document Number(s) and Jurisdiction(s): ________________________

In addition, please provide a legible photocopy of your Identification Document(s) with your subscription

Section B – Investor Representations

(Please Check Each)

(   ) I understand that an investment in the Notes is speculative and this characterization is consistent with my overall investment objectives. I seek a significant increase in the principal value of my investments and are willing to accept a corresponding greater degree of risk by investing in securities that have historically demonstrated a high degree of risk of loss of principal value to pursue this objective.

(   ) I understand that an investment in the Notes is a long-term investment. I have no current or anticipated need for liquidity in my investment in the Notes that would require me to liquidate my investment over a shorter period of time and I can afford a loss of my entire investment in the Notes.

Section C – Securities Delivery Instructions

____ Please deliver securities to the Employer Address listed in Section A.

____ Please deliver securities to the Home Address listed in Section A.

____ Please deliver securities to the following address: _________________________________

Section D –Wire Transfer Instructions

____ I will wire funds from my outside account according to the "Subscription Instructions" Page.

________________________________ **Investor Signature**	____________________ **Date**
________________________________ **Investor Signature**	____________________ **Date**

EXHIBIT B

FORM OF UNSECURED PROMISSORY NOTE

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.

UNSECURED PROMISSORY NOTE

$[●] Issuance Date: [●]

This Unsecured Promissory Note (the "***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***").

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***") equal to twenty percent (20.0%) of the principal amount of the Note, with the number of Shares calculated based on a price of $0.35 per share (i.e., $1,500,000 investment, with a price of $0.35 per share results in 857,142 Shares to be issued to the Holder ($1,500,000 million * 20%, the product of which is divided by $0.35)(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. 2846 Colorado Ave. 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: ______________________________

Ann Hand

CEO

Exhibit 10.75

CONSULTING AGREEMENT

This **CONSULTING AGREEMENT** (this **"Agreement")** is made effective as of June 13, 2023, by and between Super League Gaming, Inc., a corporation based out of Santa Monice, California **("Company").** And Diamond Shoals, LLC, an Ohio limited liability company, **("Consultant").** Company and Consultant are collectively referred to herein as the "Parties".

WHEREAS, Consultant has familiarity with the Company and its business;

WHEREAS, Consultant has significant experience in assisting U.S. publicly-listed companies on matters relating to their business and capital markets strategies; and

WHEREAS, the Company desires to retain Consultant on a consulting basis to provide strategic advisory services to the Company, and Consultant desires and agrees to provide the Company with such services, in each case on the terms and conditions herein set forth.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

I. Engagement; Term: No Regulated Activity.

(a) The Company hereby engages Consultant, and Consultant hereby accepts such engagement, to provide to the Company the strategic advisory consultancy services described on Schedule A hereto (the **"Services").** The Services will be provided on a non-exclusive basis, and the Company may retain other third parties to perform the Services or any similar services during the Term (as defined below). Consultant shall report directly only to the Company's Chief Executive Officer and/or President.

(b) This Agreement shall have a term (the **"Term")** of twelve (12) months commencing June 13, 2023 (the **"Effective Date").** At the conclusion of twelve (12) months, this Agreement may be renewed upon mutual agreement of the Parties.

(c) The parties acknowledge that the Company is engaging Consultant purely as a consultant and not as a securities broker, investment banker, finder, investment advisor or similar regulated capacity. Consultant shall use commercially reasonable efforts not to perform any services hereunder (including, without limitation solicitations on behalf of the Company for third party funding) which would require Consultant to be registered, licensed or regulated by any applicable law, rule or regulation. In providing the Services, Consultant shall use commercially reasonable efforts to comply with all applicable laws, rules and regulations. During the Term, Consultant will not, and will cause its affiliates not to, undertake or continue any outside activity, whether or not competitive with the business of the Company, which could foreseeably give rise to a conflict of interest, or otherwise interfere with Consultant's duties and obligations to the Company. Consultant agrees to indemnify and save the Company harmless from any and all liability, cost and expense suffered by the Company or its affiliates as a consequence of the Consultant's failure to comply with the foregoing obligations,

2. Consideration

(a) As consideration for the Services to be provided by Consultant to the Company, Consultant will be paid a consulting fee of Ten Thousand Dollars ($10,000.00) USD per month, for twelve (12) months and 100,000 shares vested quarterly in arrears at the rate of 25,000 shares (the "**Consulting Fee**").

(b) In addition to the consideration set forth in Section 2(a) Consultant shall be entitled to reimbursement for reasonable expenses in connection with the provision of Services to the Company under this Agreement, which expenses must be approved by the Company in advance. The Consultant shall invoice the Company on a monthly basis (by email or other form of communication) at the end of each month and payment shall be due by wire transfer within IO business days thereafter.

(c) Consultant shall be solely responsible for the payment of all federal, state and local taxes, withholdings and/or other assessments or deductions required to be paid by any applicable law or regulation based upon Consultant's receipt of the consideration hereunder.

(d) It is specially agreed that Consultant's consideration hereunder is not contingent and shall not be tied to any amount of capital raised by the Company from any source, nor tied to any other transaction entered into by the Company, prior to, during or following the Term,

3, Confidentiality: No Unlawful Trading or Shorting.

(a) Consultant and its affiliates shall, during the Tern, and thereafter, keep in strictest confidence, and shall not disclose to any third party or use for any purpose whatsoever, except for the purpose of providing the Services under this Agreement and for the direct benefit of the Company, any and all confidential, non-public and/or proprietary information, in any form whatsoever, relating, in any way, to the Company, its products, business plans (including, without limitation, those relating to product development, regulatory strategy, sales and marketing, manufacturing, pricing and competition), financial and accounting results or information (including projections), know-how, technology and any intellectual property rights it may have. Consultant acknowledges that certain of the foregoing types of information disclosed to Consultant, or of which Consultant otherwise becomes aware of, during the Term may be or be deemed to be "material non-public information" within the meaning of the U.S. federal securities laws **("MNPI").** MNPI will only be disclosed to Consultant on a need to know basis and for the specific purpose of providing the Services, and Consultant shall use such MNPI only for such specific purpose.

(b) Consultant (on behalf of itself and its affiliates) agrees to abide by all securities and related laws, rules and regulations in connection with providing the Services including, without limitation, those laws, mies and regulations relating to the receipt, handling and use of MNPI.

(c) Consultant (on behalf of itself and its affiliates) agrees that it will not buy or sell Common Stock or other securities of the Company (or of which the Company's securities are derivatives) on the basis of MNPI regarding the Company or otherwise. During the Term and thereafter, Consultant for itself and its agents agrees not to sell the Common Stock on a "short" basis.

4. Independent Contractor, The relationship of Consultant with the Company is that of an independent contractor and Consultant shall not be considered an employee of the Company. Consultant will not make any binding representations about the Company, nor shall it act as the Company's agent, nor shall it have any right or authority whatsoever to propose or accept, in the name and on behalf of the Company, any representation, undertaking, guarantee, promise, agreement, contract or any other kind of an obligation.

5. Remedies. Consultant agrees that its obligations under Section l(c) and Section 3 hereunder are necessary and reasonable in order to protect the Company and its business, and expressly agrees that monetary damages would be inadequate to compensate the Company for any breach of any covenant or agreement set forth herein. Accordingly, Consultant agrees and acknowledges that any such breach, or any threatened breach, will cause irreparable injury to the Company and that, in addition to any other remedies that may be available, in law, in equity or otherwise, the Company shall be entitled to obtain injunctive relief against the breach or threatened breach of such Sections or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

6. Indemnification; Limitation of Liability.

(a) Both during and after the Term, the Company and Consultant shall indemnify, defend and hold harmless each other, and all their affiliates from and with respect to all actions, suits, proceedings, judgments, demands, claims, liabilities, losses or expenses whatsoever (including reasonable attorneys' fees) arising from the business and/or activities of the party from whom indemnification is being sought, and any affiliates of such party.

(b) NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR CNDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF OPPORTUNITY, ARISING OUT OF THIS AGREEMENT, EVEN IF THE PARTIES HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF THE DAMAGES WERE REASONABLY FORESEEABLE. IN EVENT OF ANY BREACH OF THIS AGREEMENT BY THE CONSULTANT, OR ANY OTHER CLAIM RELATED TO THE SERVICES PERFORMED OR TO BE PERFORMED UNDER THJS AGREEMENT BY THE CONSULTANT, IN NO EVENT SHALL THE LIABILITY OF THE CONSULTANT EXCEED THE CONSIDERATION ACTUALLY RECEIVED BY CONSULTANT HEREUNDER.

7. Waivers. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party to be charged, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given.

8. No Assignment. Consultant shall not assign any of its rights *or* obligations under this Agreement without the prior written consent of the Company. Notwithstanding the forgoing, the Company acknowledges and agrees that the Company will cause Michael Layman, and other agents, contractors and representatives of the Company, to provide the Services contemplated herein.

9. Governing Law; Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of laws principles thereof. Each of Consultant an.d the Company: (i) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted only in the Chancery Court in Dover, Delaware (ii) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (iii) irrevocably consents to the jurisdiction of such Delaware courts. EACH PARTY HERETO HEREBY IRREVOCABLY WAJVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO IBIS AGREEMENT.

10. Entire Agreement: Amendments. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements or understandings between the parties with respect thereto, whether written or oral. In addition, any amendment or modification of this Agreement will only be effective or binding unless reduced to writing and executed by both parties hereto.

IN **WITNESS WHEREOF,** the parties hereto have signed this Agreement on the date first above written.

SUPER LEAGUE GAMING, INC.

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

DIAMOND SHOALS, LLC

By: /s/ *Michael G. Layman*
Name: Michael Layman
Title: Sole Member

Schedule A Services

Consultant shall perfom1 the following Services during the Term:

I. Consultant will provide strategic advice tailored to the needs of the Company regarding (i) the Company's operations and related obligations as a U.S. publicly-listed and reponing company, (ii) the industries and businesses in which the Company is engaged, including the Company's publicly-listed competitors and (iii) oilier aspects of or concerning the Company's business about which Consultant has knowledge or expertise. In this regard, Consultant shall provide feedback on the evolution of the Company's business and management's execution of the Company's business plans,

2. Consultant will review as necessary and advise the Company with respect to the Company's business plans and strategies, both on a general basis and as they relate to the Company's communications and interactions with the investment community. Consultant agrees to meet in-person with the management of the Company as may be reasonably necessary.

3. Consultant will aid and advise the Company in establishing contacts with financial professionals personally known to Consultant, including brokers, fund managers, market makers, analysts and other marketplace professionals. Furthermore, Consultant shall assist the Company with any associated regulatory filings. In addition, throughout the Term, Consultant will coordinate either in-person meetings or telephone meetings with high net worth individuals and provide follow-up and feedback to management.

4. Consultant will assist the Company in evaluating, assessing and addressing the ongoing challenges associated with the Company's communications with the investment community. As part of its services, Consultant will meet with management and other consultants or advisors of the Company at management's reasonable request to evaluate strategic investor relations activities and communications

5. Consultant will provide assistance to the Company with respect to its ongoing stockholder relations, including communications with key stockholders of the Company.

Exhibit 10.76

AMENDED AND RESTATED CONSULTING AGREEMENT

This **AMENDED AND RESTATED CONSULTING AGREEMENT** (this "**Amended Agreement**") is made effective as of October 6, 2023, by and between Super League Enterprise, Inc., a Delaware corporation f/k/a Super League Gaming, Inc., with headquarters located at 2912 Colorado Ave., Suite 203, Santa Monica, CA 90404 ("**Company**"). And Diamond Shoals, LLC, an Ohio limited liability company, ("**Consultant**"). This Amended Agreement is supersedes and replaces in its entirety that certain Consulting Agreement between the parties dated June 13, 2023. Company and Consultant are collectively referred to herein as the "Parties".

WHEREAS, Consultant has familiarity with the Company and its business;

WHEREAS, Consultant has significant experience in assisting U.S. publicly-listed companies on matters relating to their business and capital markets strategies; and

WHEREAS, the Company desires to retain Consultant on a consulting basis to provide strategic advisory services to the Company, and Consultant desires and agrees to provide the Company with such services, in each case on the terms and conditions herein set forth.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Engagement; Term; No Regulated Activity.

(a) The Company hereby engages Consultant, and Consultant hereby accepts such engagement, to provide to the Company the strategic advisory consultancy services described on Schedule A hereto (the "**Services**"). The Services will be provided on a non-exclusive basis, and the Company may retain other third parties to perform the Services or any similar services during the Term (as defined below). Consultant shall report directly only to the Company's Chief Executive Officer and/or President.

(b) This Amended Agreement shall have a term (the "**Term**") of twelve (12) months commencing June 13, 2023 (the "**Effective Date**"). At the conclusion of twelve (12) months, this Amended Agreement may be renewed upon mutual agreement of the Parties.

(c) The parties acknowledge that the Company is engaging Consultant purely as a consultant and not as a securities broker, investment banker, finder, investment advisor or similar regulated capacity. Consultant shall use commercially reasonable efforts not to perform any services hereunder (including, without limitation solicitations on behalf of the Company for third party funding) which would require Consultant to be registered, licensed or regulated by any applicable law, rule or regulation. In providing the Services, Consultant shall use commercially reasonable efforts to comply with all applicable laws, rules and regulations. During the Term, Consultant will not, and will cause its affiliates not to, undertake or continue any outside activity, whether or not competitive with the business of the Company, which could foreseeably give rise to a conflict of interest, or otherwise interfere with Consultant's duties and obligations to the Company. Consultant agrees to indemnify and save the Company harmless from any and all liability, cost and expense suffered by the Company or its affiliates as a consequence of the Consultant's failure to comply with the foregoing obligations.

2. Consideration.

(a) As consideration for the Services to be provided by Consultant to the Company, Consultant will be paid a consulting fee of Ten Thousand Dollars ($10,000.00) USD per month, for twelve (12) months and a total of 25,000 shares vested quarterly in arrears at the rate of 6,250 shares of common stock (the "Consulting Fee"). For the avoidance of doubt, the 25,000 shares of common stock shall vest as follows: (i) 6,250 shares on September 13, 2023; (ii) 6,250 shares on December 13, 2023; (iii) 6,250 shares on March 13, 2023; and (iv) 6,250 shares on June 13, 2023.

(b) In addition to the consideration set forth in Section 2(a) Consultant shall be entitled to reimbursement for reasonable expenses in connection with the provision of Services to the Company under this Amended Agreement, which expenses must be approved by the Company in advance. The Consultant shall invoice the Company on a monthly basis (by email or other form of communication) at the end of each month and payment shall be due by wire transfer within 10 business days thereafter.

(c) Consultant shall be solely responsible for the payment of all federal, state and local taxes, withholdings and/or other assessments or deductions required to be paid by any applicable law or regulation based upon Consultant's receipt of the consideration hereunder.

(d) It is specially agreed that Consultant's consideration hereunder is not contingent and shall not be tied to any amount of capital raised by the Company from any source, nor tied to any other transaction entered into by the Company, prior to, during or following the Term.

3. Confidentiality; No Unlawful Trading or Shorting.

(a) Consultant and its affiliates shall, during the Term and thereafter, keep in strictest confidence, and shall not disclose to any third party or use for any purpose whatsoever, except for the purpose of providing the Services under this Amended Agreement and for the direct benefit of the Company, any and all confidential, non-public and/or proprietary information, in any form whatsoever, relating, in any way, to the Company, its products, business plans (including, without limitation, those relating to product development, regulatory strategy, sales and marketing, manufacturing, pricing and competition), financial and accounting results or information (including projections), know-how, technology and any intellectual property rights it may have. Consultant acknowledges that certain of the foregoing types of information disclosed to Consultant, or of which Consultant otherwise becomes aware of, during the Term may be or be deemed to be "material non-public information" within the meaning of the U.S. federal securities laws ("**MNPI**"). MNPI will only be disclosed to Consultant on a need to know basis and for the specific purpose of providing the Services, and Consultant shall use such MNPI only for such specific purpose.

(b) Consultant (on behalf of itself and its affiliates) agrees to abide by all securities and related laws, rules and regulations in connection with providing the Services including, without limitation, those laws, rules and regulations relating to the receipt, handling and use of MNPI.

(c) Consultant (on behalf of itself and its affiliates) agrees that it will not buy or sell Common Stock or other securities of the Company (or of which the Company's securities are derivatives) on the basis of MNPI regarding the Company or otherwise. During the Term and thereafter, Consultant for itself and its agents agrees not to sell the Common Stock on a "short" basis.

4. Independent Contractor. The relationship of Consultant with the Company is that of an independent contractor and Consultant shall not be considered an employee of the Company. Consultant will not make any binding representations about the Company, nor shall it act as the Company's agent, nor shall it have any right or authority whatsoever to propose or accept, in the name and on behalf of the Company, any representation, undertaking, guarantee, promise, agreement, contract or any other kind of an obligation.

5. Remedies. Consultant agrees that its obligations under Section 1(c) and Section 3 hereunder are necessary and reasonable in order to protect the Company and its business, and expressly agrees that monetary damages would be inadequate to compensate the Company for any breach of any covenant or agreement set forth herein. Accordingly, Consultant agrees and acknowledges that any such breach, or any threatened breach, will cause irreparable injury to the Company and that, in addition to any other remedies that may be available, in law, in equity or otherwise, the Company shall be entitled to obtain injunctive relief against the breach or threatened breach of such Sections or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

6. Indemnification; Limitation of Liability.

(a) Both during and after the Term, the Company and Consultant shall indemnify, defend and hold harmless each other, and all their affiliates from and with respect to all actions, suits, proceedings, judgments, demands, claims, liabilities, losses or expenses whatsoever (including reasonable attorneys' fees) arising from the business and/or activities of the party from whom indemnification is being sought, and any affiliates of such party.

(b) NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF OPPORTUNITY, ARISING OUT OF THIS AMENDED AGREEMENT, EVEN IF THE PARTIES HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF THE DAMAGES WERE REASONABLY FORESEEABLE. IN EVENT OF ANY BREACH OF THIS AMENDED AGREEMENT BY THE CONSULTANT, OR ANY OTHER CLAIM RELATED TO THE SERVICES PERFORMED OR TO BE PERFORMED UNDER THIS AMENDED AGREEMENT BY THE CONSULTANT, IN NO EVENT SHALL THE LIABILITY OF THE CONSULTANT EXCEED THE CONSIDERATION ACTUALLY RECEIVED BY CONSULTANT HEREUNDER.

7. Waivers. No waiver of any provision of this Amended Agreement shall be effective unless the same shall be in writing and signed by the party to be charged, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given.

8. No Assignment. Consultant shall not assign any of its rights or obligations under this Amended Agreement without the prior written consent of the Company. Notwithstanding the forgoing, the Company acknowledges and agrees that the Company will cause Michael Layman, and other agents, contractors and representatives of the Company, to provide the Services contemplated herein.

9. Governing Law; Venue. This Amended Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of laws principles thereof. Each of Consultant and the Company: (i) agrees that any legal suit, action or proceeding arising out of or relating to this Amended Agreement and/or the transactions contemplated hereby shall be instituted only in the Chancery Court in Dover, Delaware (ii) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (iii) irrevocably consents to the jurisdiction of such Delaware courts. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDED AGREEMENT.

10 Entire Agreement; Amendments. This Amended Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements or understandings between the parties with respect thereto, whether written or oral. In addition, any amendment or modification of this Amended Agreement will only be effective or binding unless reduced to writing and executed by both parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have signed this Amended Agreement on the date first above written.

SUPER LEAGUE ENTERPRISE, INC.	**DIAMOND SHOALS, LLC**
By: /s/ *Ann Hand*	By: /s/ *Michael Layman*
Name: Ann Hand	Name: Michael Layman
Title: CEO	Title: Sole Member

Schedule A

Services

Consultant shall perform the following Services during the Term:

1. Consultant will provide strategic advice tailored to the needs of the Company regarding (i) the Company’s operations and related obligations as a U.S. publicly-listed and reporting company, (ii) the industries and businesses in which the Company is engaged, including the Company’s publicly-listed competitors and (iii) other aspects of or concerning the Company’s business about which Consultant has knowledge or expertise. In this regard, Consultant shall provide feedback on the evolution of the Company’s business and management’s execution of the Company’s business plans.

2. Consultant will review as necessary and advise the Company with respect to the Company’s business plans and strategies, both on a general basis and as they relate to the Company’s communications and interactions with the investment community. Consultant agrees to meet in-person with the management of the Company as may be reasonably necessary.

3. Consultant will aid and advise the Company in establishing contacts with financial professionals personally known to Consultant, including brokers, fund managers, market makers, analysts and other marketplace professionals. Furthermore, Consultant shall assist the Company with any associated regulatory filings. In addition, throughout the Term, Consultant will coordinate either in-person meetings or telephone meetings with high net worth individuals and provide follow-up and feedback to management.

4. Consultant will assist the Company in evaluating, assessing and addressing the ongoing challenges associated with the Company’s communications with the investment community. As part of its services, Consultant will meet with management and other consultants or advisors of the Company at management’s reasonable request to evaluate strategic investor relations activities and communications.

5. Consultant will provide assistance to the Company with respect to its ongoing stockholder relations, including communications with key stockholders of the Company.

Exhibit 10.77

CONSULTING AGREEMENT

This **CONSULTING AGREEMENT** (this "**Agreement**") is made effective as of August 1, 2024 ("**Effective Date**"), by and between Super League Enterprise, Inc., a Delaware corporation f/k/a Super League Gaming, Inc., with headquarters located at 2912 Colorado Ave., Suite 203, Santa Monica, CA 90404 ("**Company**"). And Diamond Shoals, LLC, an Ohio limited liability company, ("**Consultant**"). Company and Consultant are collectively referred to herein as the "Parties".

RECITALS

WHEREAS, Consultant has familiarity with the Company and its business;

WHEREAS, Consultant has significant experience in assisting U.S. publicly-listed companies on matters relating to their business and capital markets strategies; and

WHEREAS, the Company desires to retain Consultant on a consulting basis to provide strategic advisory services to the Company, and Consultant desires and agrees to provide the Company with such services, in each case on the terms and conditions herein set forth.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. <u>Engagement; Term; No Regulated Activity</u>.

(a) The Company hereby engages Consultant, and Consultant hereby accepts such engagement, to provide to the Company the strategic advisory consultancy services described on <u>Schedule A</u> hereto (the "**Services**"). The Services will be provided on a non-exclusive basis, and the Company may retain other third parties to perform the Services or any similar services during the Term (as defined below). Consultant shall report directly only to the Company's Chief Executive Officer and/or President.

(b) This Agreement shall have a term (the "**Term**") of twelve (12) months commencing on the Effective Date. At each year the company can choose to renew for another twelve (12) months.

(c) The parties acknowledge that the Company is engaging Consultant purely as a consultant and not as a securities broker, investment banker, finder, investment advisor or similar regulated capacity. Consultant shall use commercially reasonable efforts not to perform any services hereunder (including, without limitation solicitations on behalf of the Company for third party funding) which would require Consultant to be registered, licensed or regulated by any applicable law, rule or regulation. In providing the Services, Consultant shall use commercially reasonable efforts to comply with all applicable laws, rules and regulations. During the Term, Consultant will not, and will cause its affiliates not to, undertake or continue any outside activity, whether or not competitive with the business of the Company, which could foreseeably give rise to a conflict of interest, or otherwise interfere with Consultant's duties and obligations to the Company. Consultant agrees to indemnify and save the Company harmless from any and all liability, cost and expense suffered by the Company or its affiliates as a consequence of the Consultant's failure to comply with the foregoing obligations.

2. Consideration.

(a) As consideration for the Services to be provided by Consultant to the Company, Consultant will be paid (i) a consulting fee of Five Thousand Dollars ($5,000.00) USD per month and (ii) a total of one hundred twenty-five thousand (125,000) shares of common stock which shall vest quarterly in arrears (collectively, the "Consulting Fee").

(b) In addition to the consideration set forth in Section 2(a) Consultant shall be entitled to reimbursement for reasonable expenses in connection with the provision of Services to the Company under this Agreement, which expenses must be approved by the Company in advance. The Consultant shall invoice the Company on a monthly basis (by email or other form of communication) at the end of each month and payment shall be due by wire transfer within 10 business days thereafter.

(c) Consultant shall be solely responsible for the payment of all federal, state and local taxes, withholdings and/or other assessments or deductions required to be paid by any applicable law or regulation based upon Consultant's receipt of the consideration hereunder.

(d) It is specially agreed that Consultant's consideration hereunder is not contingent and shall not be tied to any amount of capital raised by the Company from any source, nor tied to any other transaction entered into by the Company, prior to, during or following the Term.

3. Confidentiality; No Unlawful Trading or Shorting.

(a) Consultant and its affiliates shall, during the Term and thereafter, keep in strictest confidence, and shall not disclose to any third party or use for any purpose whatsoever, except for the purpose of providing the Services under this Agreement and for the direct benefit of the Company, any and all confidential, non-public and/or proprietary information, in any form whatsoever, relating, in any way, to the Company, its products, business plans (including, without limitation, those relating to product development, regulatory strategy, sales and marketing, manufacturing, pricing and competition), financial and accounting results or information (including projections), know-how, technology and any intellectual property rights it may have. Consultant acknowledges that certain of the foregoing types of information disclosed to Consultant, or of which Consultant otherwise becomes aware of, during the Term may be or be deemed to be "material non-public information" within the meaning of the U.S. federal securities laws ("**MNPI**"). MNPI will only be disclosed to Consultant on a need to know basis and for the specific purpose of providing the Services, and Consultant shall use such MNPI only for such specific purpose.

(b) Consultant (on behalf of itself and its affiliates) agrees to abide by all securities and related laws, rules and regulations in connection with providing the Services including, without limitation, those laws, rules and regulations relating to the receipt, handling and use of MNPI.

(c) Consultant (on behalf of itself and its affiliates) agrees that it will not buy or sell Common Stock or other securities of the Company (or of which the Company's securities are derivatives) on the basis of MNPI regarding the Company or otherwise. During the Term and thereafter, Consultant for itself and its agents agrees not to sell the Common Stock on a "short" basis.

4. Independent Contractor. The relationship of Consultant with the Company is that of an independent contractor and Consultant shall not be considered an employee of the Company. Consultant will not make any binding representations about the Company, nor shall it act as the Company's agent, nor shall it have any right or authority whatsoever to propose or accept, in the name and on behalf of the Company, any representation, undertaking, guarantee, promise, agreement, contract or any other kind of an obligation.

5. Remedies. Consultant agrees that its obligations under Section 1(c) and Section 3 hereunder are necessary and reasonable in order to protect the Company and its business, and expressly agrees that monetary damages would be inadequate to compensate the Company for any breach of any covenant or agreement set forth herein. Accordingly, Consultant agrees and acknowledges that any such breach, or any threatened breach, will cause irreparable injury to the Company and that, in addition to any other remedies that may be available, in law, in equity or otherwise, the Company shall be entitled to obtain injunctive relief against the breach or threatened breach of such Sections or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

6. Indemnification; Limitation of Liability.

(a) Both during and after the Term, the Company and Consultant shall indemnify, defend and hold harmless each other, and all their affiliates from and with respect to all actions, suits, proceedings, judgments, demands, claims, liabilities, losses or expenses whatsoever (including reasonable attorneys' fees) arising from the business and/or activities of the party from whom indemnification is being sought, and any affiliates of such party.

(b) NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF OPPORTUNITY, ARISING OUT OF THIS AGREEMENT, EVEN IF THE PARTIES HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF THE DAMAGES WERE REASONABLY FORESEEABLE. IN EVENT OF ANY BREACH OF THIS AGREEMENT BY THE CONSULTANT, OR ANY OTHER CLAIM RELATED TO THE SERVICES PERFORMED OR TO BE PERFORMED UNDER THIS AGREEMENT BY THE CONSULTANT, IN NO EVENT SHALL THE LIABILITY OF THE CONSULTANT EXCEED THE CONSIDERATION ACTUALLY RECEIVED BY CONSULTANT HEREUNDER.

7. Waivers. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party to be charged, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given.

8. No Assignment. Consultant shall not assign any of its rights or obligations under this Agreement without the prior written consent of the Company. Notwithstanding the forgoing, the Company acknowledges and agrees that the Company will cause Michael Layman, and other agents, contractors and representatives of the Company, to provide the Services contemplated herein.

9. Governing Law; Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of laws principles thereof. Each of Consultant and the Company: (i) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted only in the Chancery Court in Dover, Delaware (ii) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (iii) irrevocably consents to the jurisdiction of such Delaware courts. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT.

10 Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements or understandings between the parties with respect thereto, whether written or oral. In addition, any amendment or modification of this Agreement will only be effective or binding unless reduced to writing and executed by both parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first above written.

SUPER LEAGUE ENTERPRISE, INC.	**DIAMOND SHOALS, LLC**
By: /s/ *Ann Hand*	By: /s/ *Michael Layman*
Name: Ann Hand	Name: Michael Layman
Title: CEO	Title: Sole Member

Schedule A

Services

Consultant shall perform the following Services during the Term:

1. Consultant will provide strategic advice tailored to the needs of the Company regarding (i) the Company's operations and related obligations as a U.S. publicly-listed and reporting company,
(ii) the industries and businesses in which the Company is engaged, including the Company's publicly-listed competitors and (iii) other aspects of or concerning the Company's business about which Consultant has knowledge or expertise. In this regard, Consultant shall provide feedback on the evolution of the Company's business and management's execution of the Company's business plans.

2. Consultant will review as necessary and advise the Company with respect to the Company's business plans and strategies, both on a general basis and as they relate to the Company's communications and interactions with the investment community. Consultant agrees to meet in-person with the management of the Company as may be reasonably necessary.

3. Consultant will aid and advise the Company in establishing contacts with financial professionals personally known to Consultant, including brokers, fund managers, market makers, analysts and other marketplace professionals. Furthermore, Consultant shall assist the Company with any associated regulatory filings. In addition, throughout the Term, Consultant will coordinate either in-person meetings or telephone meetings with high net worth individuals and provide follow-up and feedback to management.

4. Consultant will assist the Company in evaluating, assessing and addressing the ongoing challenges associated with the Company's communications with the investment community. As part of its services, Consultant will meet with management and other consultants or advisors of the Company at management's reasonable request to evaluate strategic investor relations activities and communications.

5. Consultant will provide assistance to the Company with respect to its ongoing stockholder relations, including communications with key stockholders of the Company.

AMENDED & RESTATED
CONSULTING AGREEMENT

This **AMENDED AND RESTATED CONSULTING AGREEMENT** (this "**Agreement**") is made effective as of March 28, 2025 ("**Effective Date**"), by and between Super League Enterprise, Inc., a Delaware corporation, with headquarters located at 2846 Colorado Ave., Santa Monica, CA 90404 ("**Company**"), on the one hand, and Diamond Shoals, LLC, an Ohio limited liability company ("**Consultant**"), on the other hand. This Agreement amends and supersedes all prior consulting agreements between the Company and Consultant for the services outlined hereinbelow. Company and Consultant are collectively referred to herein as the "Parties".

RECITALS

WHEREAS, Consultant has familiarity with the Company and its business;

WHEREAS, Consultant has significant experience in assisting U.S. publicly-listed companies on matters relating to their business and capital markets strategies; and

WHEREAS, the Company desires to retain Consultant on a consulting basis to provide strategic advisory services to the Company, and Consultant desires and agrees to provide the Company with such services, in each case on the terms and conditions herein set forth.

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Engagement; Term; No Regulated Activity.

(a) The Company hereby engages Consultant, and Consultant hereby accepts such engagement, to provide to the Company the strategic advisory consultancy services described on Schedule A hereto (the "**Services**"). The Services will be provided on a non-exclusive basis, and the Company may retain other third parties to perform the Services or any similar services during the Term (as defined below). Consultant shall report directly only to the Company's Chief Executive Officer and/or President.

(b) This Agreement shall have a term (the "**Term**") of twelve (12) months commencing on the Effective Date. At the conclusion of twelve (12) months, this Agreement may be renewed upon mutual agreement of the Parties.

(c) The parties acknowledge that the Company is engaging Consultant purely as a consultant and not as a securities broker, investment banker, finder, investment advisor or similar regulated capacity. Consultant shall use commercially reasonable efforts not to perform any services hereunder (including, without limitation solicitations on behalf of the Company for third party funding) which would require Consultant to be registered, licensed or regulated by any applicable law, rule or regulation. In providing the Services, Consultant shall use commercially reasonable efforts to comply with all applicable laws, rules and regulations. During the Term, Consultant will not, and will cause its affiliates not to, undertake or continue any outside activity, whether or not competitive with the business of the Company, which could foreseeably give rise to a conflict of interest, or otherwise interfere with Consultant's duties and obligations to the Company. Consultant agrees to indemnify and save the Company harmless from any and all liability, cost and expense suffered by the Company or its affiliates as a consequence of the Consultant's failure to comply with the foregoing obligations.

2. Consideration.

(a) As consideration for the Services to be provided by Consultant to the Company, Consultant will be paid a consulting fee consisting of shares of common stock to be issued as follows (i) 150,000 shares of restricted common stock on the Effective Date; (ii) 300,000 shares of restricted common stock on April 14, 2025, and (iii) 300,000 shares of restricted common stock on April 28, 2025, for a total of 750,000 shares of restricted common stock, all of which shall be vested upon issuance.

(b) In addition to the consideration set forth in Section 2(a) Consultant shall be entitled to reimbursement for reasonable expenses in connection with the provision of Services to the Company under this Agreement, which expenses must be approved by the Company in advance. The Consultant shall invoice the Company on a monthly basis (by email or other form of communication) at the end of each month and payment shall be due by wire transfer within 10 business days thereafter.

(c) Consultant shall be solely responsible for the payment of all federal, state and local taxes, withholdings and/or other assessments or deductions required to be paid by any applicable law or regulation based upon Consultant's receipt of the consideration hereunder.

(d) It is specially agreed that Consultant's consideration hereunder is not contingent and shall not be tied to any amount of capital raised by the Company from any source, nor tied to any other transaction entered into by the Company, prior to, during or following the Term.

3. Confidentiality; No Unlawful Trading or Shorting.

(a) Consultant and its affiliates shall, during the Term and thereafter, keep in strictest confidence, and shall not disclose to any third party or use for any purpose whatsoever, except for the purpose of providing the Services under this Agreement and for the direct benefit of the Company, any and all confidential, non-public and/or proprietary information, in any form whatsoever, relating, in any way, to the Company, its products, business plans (including, without limitation, those relating to product development, regulatory strategy, sales and marketing, manufacturing, pricing and competition), financial and accounting results or information (including projections), know-how, technology and any intellectual property rights it may have. Consultant acknowledges that certain of the foregoing types of information disclosed to Consultant, or of which Consultant otherwise becomes aware of, during the Term may be or be deemed to be "material non-public information" within the meaning of the U.S. federal securities laws ("**MNPI**"). MNPI will only be disclosed to Consultant on a need to know basis and for the specific purpose of providing the Services, and Consultant shall use such MNPI only for such specific purpose.

(b) Consultant (on behalf of itself and its affiliates) agrees to abide by all securities and related laws, rules and regulations in connection with providing the Services including, without limitation, those laws, rules and regulations relating to the receipt, handling and use of MNPI.

(c) Consultant (on behalf of itself and its affiliates) agrees that it will not buy or sell Common Stock or other securities of the Company (or of which the Company's securities are derivatives) on the basis of MNPI regarding the Company or otherwise. During the Term and thereafter, Consultant for itself and its agents agrees not to sell the Common Stock on a "short" basis.

4. Independent Contractor. The relationship of Consultant with the Company is that of an independent contractor and Consultant shall not be considered an employee of the Company. Consultant will not make any binding representations about the Company, nor shall it act as the Company's agent, nor shall it have any right or authority whatsoever to propose or accept, in the name and on behalf of the Company, any representation, undertaking, guarantee, promise, agreement, contract or any other kind of an obligation.

5. Remedies. Consultant agrees that its obligations under Section 1(c) and Section 3 hereunder are necessary and reasonable in order to protect the Company and its business, and expressly agrees that monetary damages would be inadequate to compensate the Company for any breach of any covenant or agreement set forth herein. Accordingly, Consultant agrees and acknowledges that any such breach, or any threatened breach, will cause irreparable injury to the Company and that, in addition to any other remedies that may be available, in law, in equity or otherwise, the Company shall be entitled to obtain injunctive relief against the breach or threatened breach of such Sections or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

6. Indemnification; Limitation of Liability.

(a) Both during and after the Term, the Company and Consultant shall indemnify, defend and hold harmless each other, and all their affiliates from and with respect to all actions, suits, proceedings, judgments, demands, claims, liabilities, losses or expenses whatsoever (including reasonable attorneys' fees) arising from the business and/or activities of the party from whom indemnification is being sought, and any affiliates of such party.

(b) NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOSS OF OPPORTUNITY, ARISING OUT OF THIS AGREEMENT, EVEN IF THE PARTIES HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF THE DAMAGES WERE REASONABLY FORESEEABLE. IN EVENT OF ANY BREACH OF THIS AGREEMENT BY THE CONSULTANT, OR ANY OTHER CLAIM RELATED TO THE SERVICES PERFORMED OR TO BE PERFORMED UNDER THIS AGREEMENT BY THE CONSULTANT, IN NO EVENT SHALL THE LIABILITY OF THE CONSULTANT EXCEED THE CONSIDERATION ACTUALLY RECEIVED BY CONSULTANT HEREUNDER.

7. Waivers. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party to be charged, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given.

8. No Assignment. Consultant shall not assign any of its rights or obligations under this Agreement without the prior written consent of the Company. Notwithstanding the forgoing, the Company acknowledges and agrees that the Company will cause Michael Layman, and other agents, contractors and representatives of the Company, to provide the Services contemplated herein.

9. Governing Law; Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of laws principles thereof. Each of Consultant and the Company: (i) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted only in the Chancery Court in Dover, Delaware (ii) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (iii) irrevocably consents to the jurisdiction of such Delaware courts. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT.

10 Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous agreements or understandings between the parties with respect thereto, whether written or oral. In addition, any amendment or modification of this Agreement will only be effective or binding unless reduced to writing and executed by both parties hereto.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first above written.

SUPER LEAGUE ENTERPRISE, INC.	**DIAMOND SHOALS, LLC**
By: /s/ *Ann Hand*	By: /s/ *Michael Layman*
Name: Ann Hand	Name: Michael Layman
Title: CEO	Title: Sole Member

Schedule A

Services

Consultant shall perform the following Services during the Term:

1. Consultant will provide strategic advice tailored to the needs of the Company regarding (i) the Company’s operations and related obligations as a U.S. publicly-listed and reporting company, (ii) the industries and businesses in which the Company is engaged, including the Company’s publicly-listed competitors and (iii) other aspects of or concerning the Company’s business about which Consultant has knowledge or expertise. In this regard, Consultant shall provide feedback on the evolution of the Company’s business and management’s execution of the Company’s business plans.

2. Consultant will review as necessary and advise the Company with respect to the Company’s business plans and strategies, both on a general basis and as they relate to the Company’s communications and interactions with the investment community. Consultant agrees to meet in-person with the management of the Company as may be reasonably necessary.

3. Consultant will aid and advise the Company in establishing contacts with financial professionals personally known to Consultant, including brokers, fund managers, market makers, analysts and other marketplace professionals. Furthermore, Consultant shall assist the Company with any associated regulatory filings. In addition, throughout the Term, Consultant will coordinate either in-person meetings or telephone meetings with high net worth individuals and provide follow-up and feedback to management.

4. Consultant will assist the Company in evaluating, assessing and addressing the ongoing challenges associated with the Company’s communications with the investment community. As part of its services, Consultant will meet with management and other consultants or advisors of the Company at management’s reasonable request to evaluate strategic investor relations activities and communications.

5. Consultant will provide assistance to the Company with respect to its ongoing stockholder relations, including communications with key stockholders of the Company.

Exhibit 19.1

SUPER LEAGUE ENTERPRISE, INC.

STATEMENT OF INSIDER TRADING POLICY

Securities Trades by
Super League Enterprise, Inc. Personnel

June 2024 (Updated)

I. PURPOSE

This Statement of Insider Trading Policy (this "Policy") sets forth rules of Super League Enterprise, Inc. (the "Company") prohibiting "insider trading" and the procedures to be followed before engaging in any trading involving securities of the Company or its subsidiaries.

II. SCOPE

A. This Policy covers all directors, officers and employees of the Company and its subsidiaries, their family members (collectively, the "Insiders"), and any outsiders who the Insider Trading Compliance Officer may designate as Insiders because they have access to material nonpublic information concerning the Company.

B. This Policy applies to any and all transactions in the Company's securities, including its common stock and options to purchase common stock, and any other type of securities that the Company may issue, such as preferred stock, convertible debentures, warrants and exchange-traded options or other derivative securities.

C. This Policy will be delivered to all directors, officers, employees and designated outsiders at the start of their employment or relationship with the Company. Upon first receiving a copy of this Policy or any revised versions, each Insider must sign an acknowledgment that he or she has received a copy and agrees to comply with this Policy's terms. Section 16 Individuals (as defined below) may be required to certify compliance on an annual basis.

III. SECTION 16 INDIVIDUALS

The Company has designated those persons listed on Exhibit A attached hereto as the directors, officers and key employees who are subject to the reporting provisions and trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the underlying rules and regulations promulgated by the Securities and Exchange Commission. Section 16 Individuals must obtain prior approval of all trades in Company securities from the Insider Trading Compliance Committee in accordance with the procedures set forth in Section VI.C below. The Company will amend Exhibit A from time to time as necessary to reflect the addition, resignation or departure of Section 16 Individuals.

IV. INSIDER TRADING COMPLIANCE OFFICER AND COMPLIANCE COMMITTEE

The Company has designated its Chief Financial Officer as its Insider Trading Compliance Officer (the "Compliance Officer"). The Insider Trading Compliance Committee (the "Compliance Committee") will consist of the Compliance Officer and the Chief Executive Officer. The Compliance Committee will review and either approve or prohibit all proposed trades by Section 16 Individuals in accordance with the procedures set forth in Section VI.C below.

In addition to the trading approval duties described in Section VI.C below, the duties of the Compliance Officer will include the following:

A. Administering this Policy and monitoring and enforcing compliance with all Policy provisions and procedures.

B. Responding to all inquiries relating to this Policy and its procedures.

C. Designating and announcing special trading blackout periods during which no Insiders may trade in Company securities.

D. Providing copies of this Policy and other appropriate materials to all current and new directors, officers and employees, and such other persons who the Compliance Officer determines have access to material nonpublic information concerning the Company.

E. Administering, monitoring and enforcing compliance with all federal and state insider trading laws and regulations, including without limitation Sections 10(b), 16, 20A and 21A of the Exchange Act and the rules and regulations promulgated thereunder, and Rule 144 under the Securities Act of 1933 (the "Securities Act"); and assisting in the preparation and filing of all required SEC reports relating to insider trading in Company securities, including without limitation, Forms 3, 4, 5 and 144 and Schedules 13D and 13G.

F. Revising this Policy as necessary to reflect changes in federal or state insider trading laws and regulations.

G. Maintaining as Company records originals or copies of all documents required by the provisions of this Policy or the procedures set forth herein, and copies of all required SEC reports relating to insider trading, including without limitation, Forms 3, 4, 5 and 144 and Schedules 13D and 13G.

H. Maintaining the accuracy of the list of Section 16 Individuals as attached on Exhibits A and updating them periodically as necessary to reflect additions to or deletions from each category of individuals.

The Compliance Officer may designate one or more individuals who may perform the Compliance Officer's duties or the duties of the other member of the Compliance Committee in the event that the Compliance Officer or other Committee member is unable or unavailable to perform such duties.

V. DEFINITION OF "MATERIAL NONPUBLIC INFORMATION

A. "MATERIAL" INFORMATION

Information about the Company is "material" if it would be expected to affect the investment or voting decisions of the reasonable shareholder or investor, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about the Company. In simple terms, material information is any type of information which could reasonably be expected to affect the price of Company securities (either upward or downward). While it is not possible to identify all information that would be deemed "material," the following types of information ordinarily would be considered material:

- Financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity.

- Company projections and strategic plans.
- Potential mergers and acquisitions or the sale of Company assets or subsidiaries.
- New major contracts, orders, suppliers, customers, or finance sources, or the loss thereof.
- Major discoveries or significant changes or developments in products or product lines, research or technologies.
- Significant changes or developments in supplies or inventory, including significant product defects, recalls or product returns.
- Significant pricing changes.
- Stock splits, public or private securities/debt offerings, or changes in Company dividend policies or amounts.
- Significant changes in senior management.
- Significant labor disputes or negotiations.
- Actual or threatened major litigation, or the resolution of such litigation.

B. “NONPUBLIC” INFORMATION

Material information is “nonpublic” if it has not been widely disseminated to the public through major newswire services, national news services and financial news services. For the purposes of this policy, information will be considered public, i.e., no longer “nonpublic”, after the close of trading on the third full trading day following the Company’s widespread public release of the information.

C. CONSULT THE COMPLIANCE OFFICER FOR GUIDANCE

Any Insiders who are unsure whether the information that they possess is material or nonpublic must consult the Compliance Officer for guidance before trading in any Company securities.

VI. STATEMENT OF COMPANY POLICY AND PROCEDURES

A. PROHIBITED ACTIVITIES

1. No Insider may trade in Company securities while possessing material nonpublic information concerning the Company.

2. No Insider may trade in Company securities during any special trading blackout period designated by the Compliance Officer as described in Section VI.B below.

3. No Section 16 Individual may trade in Company securities outside of the applicable "trading windows" described in Section VI.B below.

4. No Insider or Section 16 Individual may trade in Company securities unless the trade(s) have been approved by the Compliance Committee in accordance with the procedures set forth in Section VI.C below. To the extent possible, Section 16 Individuals should retain all records and documents that support their reasons for making each trade.

5. The Compliance Officer may not trade in Company securities unless the trade(s) have been approved by the other member of the Compliance Committee and the Chief Executive Officer of the Company in accordance with the procedures set forth in Section VI.C below.

6. No Insider may "tip" or disclose material nonpublic information concerning the Company to any outside person (including family members, analysts, individual investors, and members of the investment community and news media), unless required as part of that Insider's regular duties for the Company and authorized by the Compliance Officer and/or the Investor Relations Committee. In any instance in which such information is disclosed to outsiders, the Company will take such steps as are necessary to preserve the confidentiality of the information, including requiring the outsider to agree in writing to comply with the terms of this policy and/or to sign a confidentiality agreement. All inquiries from outsiders regarding material nonpublic information about the Company must be forwarded to the Compliance Officer and/or the Investor Relations Committee.

7. No Insider or Section 16 Individual may give trading advice of any kind about the Company to anyone while possessing material nonpublic information about the Company, except that Insiders should advise others not to trade if doing so might violate the law or this Policy. The Company strongly discourages all Insiders from giving trading advice concerning the Company to third parties even when the Insiders do not possess material nonpublic information about the Company.

8. No Insider or Section 16 Individual may trade in any interest or position relating to the future price of Company securities, such as a put, call or short sale.

9. No Insider or Section 16 Individual may (a) trade in the securities of any other public company while possessing material nonpublic information concerning that company, (b) "tip" or disclose material nonpublic information concerning any other public company to anyone, or (c) give trading advice of any kind to anyone concerning any other public company while possessing material nonpublic information about that company.

B. TRADING WINDOWS AND BLACKOUT PERIODS

1. *Trading Window for Insiders and Section 16 Individuals*. After obtaining trading approval from the Compliance Committee in accordance with the procedures set forth in Section VI.C below, Insiders and Section 16 Individuals may trade in Company securities **other than (i) the fifteen-day period preceding the Company's widespread public release of quarterly earnings, plus three trading days immediately after such release, and (ii) the thirty-day period preceding the Company's widespread public release of year-end earnings, plus three trading days after such release.**

2. *No Trading During Trading Windows While in the Possession of Material Nonpublic Information*. No Section 16 Individual (or any other Insider) possessing material nonpublic information concerning the Company may trade in Company securities even during applicable trading windows. Persons possessing such information may trade during a trading window only after the close of trading on the third full trading day following the Company's widespread public release of the information.

3. *No Trading During Blackout Periods*. No Insiders or Section 16 Individuals may trade in Company securities outside of the applicable trading windows or during any special blackout periods that the Compliance Officer may designate. No Insiders may disclose to any outside third party that a special blackout period has been designated.

4. *Exceptions for Hardship Cases*. The Compliance Officer may, on a case- by-case basis, authorize trading in Company securities outside of the applicable trading windows (but not during special blackout periods) due to financial hardship or other hardships, but only in accordance with the procedures set forth in Section VI.C.2 below.

C. PROCEDURES FOR APPROVING TRADES BY SECTION 16 INDIVIDUALS AND HARDSHIP CASES

1. *Section 16 Individual Trades*. No Section 16 Individual may trade in Company securities until:

(a) the person trading has notified the Compliance Officer of the amount and nature of the proposed trade(s);

(b) the person trading has represented to the Compliance Officer no earlier than three business days prior to the proposed trade(s) that (i) he or she is not in possession of material nonpublic information concerning the Company and
(ii) the proposed trade(s) do not violate the trading restrictions of Section 16 of the Exchange Act or Rule 144 of the Securities Act; and

(c) the Compliance Committee has approved the trade(s).

2. *Hardship Trades*. The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities outside of the:

(a) the person trading has notified the Compliance Officer of the circumstances of the hardship and the amount and nature of the proposed trade(s);

(b) the person trading has represented to the Compliance Officer no earlier than three business days prior the proposed trade(s) that he or she is not in possession of material nonpublic information concerning the Company; and

(c) the Compliance Committee has approved the trade(s). Only the Compliance Officer's approval is necessary for hardship trades by Insiders who are not Section 16 Individuals.

3. *No Obligation to Approve Trades*. The existence of the foregoing approval procedures does not in any way obligate the Compliance Officer or Compliance Committee to approve any trades requested by Section 16 Individuals or hardship applicants. The Compliance Officer or Compliance Committee may reject any trading requests at their sole reasonable discretion. The decision on trading will normally be made on the day of the planned trade. Since circumstances change, approval on one day does not mean that the approval carries over to another day.

D. EMPLOYEE BENEFIT PLANS

1. *Employee Stock Purchase Plans*. The trading prohibitions and restrictions set forth in this Policy do not apply to periodic contributions by the Company or employees to employee benefit plans (e.g., pension or 401(k) plans) which are used to purchase Company securities pursuant to the employees' advance instructions. However, no officers or employees may alter their instructions regarding the purchase of Company securities in such plans while in the possession of material nonpublic information.

Stock Option Plans. The trading prohibitions and restrictions of this Policy apply to all sales of securities acquired through the exercise of stock options granted by the Company, but not to the acquisition of securities through such exercises.

E. PRIORITY OF STATUTORY OR REGULATORY TRADING RESTRICTIONS

The trading prohibitions and restrictions set forth in this Policy will be superseded by any greater prohibitions or restrictions prescribed by federal or state securities laws and regulations, e.g., short-swing trading by Section 16 Individuals or restrictions on the sale of securities subject to Rule 144 under the Securities Act of 1933. Any Insider who is uncertain whether other prohibitions or restrictions apply should ask the Compliance Officer.

VII. POTENTIAL CIVIL, CRIMINAL AND DISCIPLINARY SANCTIONS

A. CIVIL AND CRIMINAL PENALTIES

The consequences of prohibited insider trading or tipping can be severe. Persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by the trading, pay the loss suffered by the person who purchased securities from or sold securities to the insider tippee, pay civil penalties up to three times the profit made or loss avoided, pay a criminal penalty of up to $1 million, and serve a jail term of up to ten years. The Company and/or the supervisors of the person violating the rules may also be required to pay major civil or criminal penalties.

B. COMPANY DISCIPLINE

Violation of this Policy or federal or state insider trading or tipping laws by any director, officer or employee, or their family members, may subject the director to dismissal proceedings and the officer or employee to disciplinary action by the Company up to and including termination for cause.

C. REPORTING OF VIOLATIONS

Any Insider who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other Insiders, must report the violation immediately to the Compliance Officer. Upon learning of any such violation, the Compliance Officer, in consultation with the other Compliance Committee member and the Company’s legal counsel, will determine whether the Company should release any material nonpublic information, or whether the Company should report the violation to the SEC or other appropriate governmental authority.

VIII. INQUIRIES

Please direct all inquiries regarding any of the provisions or procedures of this policy to the Compliance Officer.

RECEIPT AND ACKNOWLEDGEMENT

I,________, hereby acknowledge that I have received and read a copy of the “Statement of Insider Trading Policy” and agree to comply with its terms. I understand that violation of insider trading or tipping laws or regulations may subject me to severe civil and/or criminal penalties, and that violation of the terms of the above-titled policy may subject me to discipline by the Company up to and including termination for cause.

Signature

Date

EXHIBIT A
SECTION 16 INDIVIDUALS

Directors
Ann Hand – Chair
Jeff Gehl
Michael Keller
Kristin Patrick
Mark Jung

Officers
Ann Hand
Clayton Haynes
Matt Edelman

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

Significant Subsidiaries

Company	Jurisdiction of incorporation	Percentage of voting securities owned by registrant	Number of US subsidiaries	Number of non-US subsidiaries
Mobcrush Streaming, Inc.	Delaware	100%	—	—
InPVP, LLC	Delaware	100%	—	—

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 333-258946, 333-259347, 333-271424, 333-273282, 333-277974, 333-281936, 333-283636 and 333-283812) and Form S--8 (File Nos. 333-238143, 333-258996, 333-269875 and 333-278863) of our report dated March 31, 2025, which includes an explanatory paragraph regarding Super League Enterprise Inc. and Subsidiaries' ability to continue as a going concern, relating to the consolidated financial statements of Super League Enterprise, Inc. as of and for the years ended December 31, 2024 and 2023, which appears in this Form 10-K.

We also consent to the reference to us under the caption "Experts" in the Prospectus.

/s/ WithumSmith+Brown, PC

Whippany, New Jersey
March 31, 2025

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ann Hand, President and Chief Executive Officer of Super League Enterprise, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Super League Enterprise, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2025

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

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO RULE 13A-14 OF THE SECURITIES EXCHANGE ACT OF 1934
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Clayton Haynes, Chief Financial Officer of Super League Enterprise, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 31, 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 Annual Report of Super League Enterprise, Inc. (the "*Company*") on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Ann Hand, Chief Executive Officer of the Company, and Clayton Haynes, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2025

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

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