Risk Factors Comparison 2023-09-15 to 2022-09-23 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this report, including our consolidated financial statements and related notes, before investing in our common stock. The following summarizes material risks that investors should carefully consider before deciding to buy or maintain an investment in our common stock. Any of the following risks, if they actually occur, would likely harm our business, financial condition and results of operations. As a result, the trading price of our common stock could decline, and investors could lose the money they paid to buy our common stock. Risks Related to Our Business and Our Industry We have historically incurred significant losses ~~,~~ and may be unable to maintain profitability. If we continue to incur significant losses, we may have to curtail our operations, which may prevent us from successfully operating and expanding our business. Historically, we have relied upon cash from financing activities to fund substantially all of the cash requirements of our activities and have incurred significant losses and experienced negative cash flow. For our fiscal years ended June 30, **2023 and** 2022 ~~and 2021~~, we **earned a net income of $ 571, 623 and** incurred a net loss of $ 1, 632, 384 ~~and $ 285, 089~~, respectively. As of June 30, ~~2022~~ **2023**, we had an accumulated deficit of $ ~~23, 094, 272~~ **22, 522, 649**. We cannot predict if we will be profitable. We may continue to incur losses for an indeterminate period of time and may be unable to sustain profitability. An extended period of losses and negative cash flow may prevent us from successfully operating and expanding our business. We may be unable to sustain or increase our profitability on a quarterly or annual basis. The loss of our largest customers would significantly reduce our revenue and adversely affect our results of operations. There were no customers that accounted for greater than 10 % of our revenue for the years ended June 30, **2023 and** 2022 ~~and 2021~~. The loss of our largest customers would significantly reduce our revenue, which would have a material adverse effect on our results of operations. We can provide no assurance that these customers will continue to place orders in the future. The loss of our largest suppliers of content would significantly reduce our revenue and adversely affect our results of operations. Approximately **43 % and** 42 ~~% and 41~~ % of our content cost for the years ended June 30, **2023 and** 2022 ~~and 2021~~, respectively, was derived from our three largest suppliers of content. Loss of any or all of these suppliers of content would significantly reduce the attractiveness of our services and our revenue, which would have a material adverse effect on our results of operations. We can provide no assurance that these suppliers of content will continue to supply us with content in the future. Moreover, our arrangements with content providers are non- exclusive. As a result, our content providers can provide the same content to our competitors. We are exposed to credit risk on our accounts receivable and prepayments to suppliers of content. This risk is heightened during periods when economic conditions worsen. There were no customers that accounted for greater than 10 % of our accounts receivable as of June 30, **2023 and** 2022 ~~. There was one customer that accounted for 14 % of our accounts receivable as of June 30~~, ~~2021~~ **respectively**. In addition, we have made prepayments to suppliers of content. While we have procedures to monitor and limit exposure to credit risk on our trade receivables as well as long- term prepayments, there can be no assurance such procedures will effectively limit our credit risk and avoid losses, which could have a material adverse effect on our results of operations. Our services, technology and industry relationships are key assets and competitive advantages of our company and our business may be affected by how we are perceived in the marketplace. Our services, technology and industry relationships are key assets that enable us to effectively compete in our industry. Our ability to attract and retain customers is highly dependent upon external perceptions of the quality, efficacy, responsiveness and ease- of- use of our services and business practices, and overall financial condition. Negative perceptions or publicity regarding these matters could damage our reputation with customers and the public, which could make it difficult for us to attract and maintain customers. Adverse developments with respect to our industry may also, by association, negatively impact our reputation. Negative perceptions or publicity could have a material adverse effect on our business and financial results. Our business performance is dependent upon the effectiveness of our technology investments, the failure of which could materially impact our business and financial results. We have and will continue to undertake significant investments in our technology infrastructure to continually strengthen our position in research and marketing solutions and improve our existing technology platform. We may fail to effectively invest such amounts, or we may invest significant amounts in technologies that do not ultimately assist us in achieving our strategic goals. We may also fail to maintain our technology infrastructure in a manner that allows us to readily meet our customers' needs. If we experience any of these or similar failures related to our technology investments, we will not achieve our expected revenue growth, or desired cost savings, and we could experience a significant competitive disadvantage in the marketplace, which could have a material adverse effect on our business and financial results. In addition, the failure to continue to invest in our business could result in a material adverse effect on our future financial results. Such investments may include: executing on, and mitigating risks associated with, new product offerings and entrance into new geographic markets; and ensuring continued compatibility of our new platforms and technologies with our customers' networks and systems. We may be subject to intellectual property rights claims by third parties, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies. Third parties, including our content providers, may assert claims of infringement of intellectual property rights against us or our customers for which we may be liable or have an indemnification obligation. Any claim of infringement by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business. Although third parties may offer a license to their content, the terms of any ~~10offered~~ -- **offered** license may not be acceptable and the failure to obtain a license or the costs associated with any license could cause our business, results of operations or financial condition to be materially and adversely affected. In addition, our licenses are generally non- exclusive, and therefore our competitors may have access to the same content licensed to us. Furthermore, a successful claimant could secure a judgment or we may agree to a settlement that prevents us from providing certain content or that requires us to pay substantial damages, including treble damages if we are found to have willfully infringed the claimant' s copyrights, royalties or other fees. Any of these events could seriously harm our business, operating results and financial condition. ~~Our~~ **10Our** industry is subject to intense competition and rapid technological change, which may result in products or new solutions that are superior to our products or solutions under development. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our products or solutions may become less useful or obsolete and our operating results will suffer. The industry in which we operate in general is subject to intense and increasing competition and rapidly evolving technologies. Because our products are expected to have long development cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to demonstrate the advantages of our products and solutions. Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render our products under development, or any future solutions we may have, and related technologies obsolete. Many of our competitors have or may have greater corporate, financial, operational, sales and marketing resources, and more experience in research and development than we have. We cannot assure you that our competitors will not succeed in developing or marketing technologies or products that are more effective or commercially attractive than our products or that would render our solutions and related technologies obsolete. We may not have or be able to raise or develop the financial resources, technical expertise, or support capabilities to compete successfully in the future. Our success will depend in large part on our ability to maintain a competitive position with our products and solutions. Increased accessibility of free or relatively inexpensive information sources may reduce demand for our products and services. In recent years, more public sources of free or relatively inexpensive information have become available, particularly through the Internet, and this trend is expected to continue. For example, some governmental and regulatory agencies have increased the amount of information they make publicly available at no cost. Public sources of free or relatively inexpensive information may reduce demand for our products and services. Our financial results may be adversely affected if our customers choose to use these public sources as a substitute for our products or services. We depend on the services of key personnel, and may not be able to operate and grow our business effectively if we lose their services or are unable to attract qualified personnel in the future. We rely heavily on our senior management team because they have substantial experience with our diverse service offerings and business strategies. In addition, we rely on our senior management team to identify internal expansion and external growth opportunities. Our ability to retain senior management and other key personnel is therefore very important to our future success. We have employment agreements with our senior management, but these employment agreements do not ensure that they will not voluntarily terminate their employment with us. In addition, our key personnel are subject to non- solicitation and confidential information restrictions. We do not have key man insurance for any of our current management or other key personnel. The loss of any key personnel would require the remaining key personnel to divert immediate attention to seeking a replacement. Competition for senior management personnel is intense, and fit is important to us. Our inability to find a suitable replacement for any departing executive officer or key employee on a timely basis could adversely affect our ability to operate and grow our business. ~~11We~~ **We** rely on our proprietary software systems, and our websites and online networks, and a disruption, failure or security compromise of these systems would disrupt our business, damage our reputation and adversely affect our revenue and profitability. Our proprietary software systems are critical to our business because they enable the efficient and timely service of a large number of customer orders. Similarly, we rely on our websites, online networks, and email systems to obtain content and deliver customer orders, and provide timely, relevant and dependable business information to our customers. Therefore, network or system shutdowns caused by events such as computer hacking, sabotage, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as loss of service from third parties, power outages, natural disasters and similar events, could affect our ability to store, ~~handle~~ **11handle** and deliver data and services to our customers. Any such interruption of our operations could negatively impact customer satisfaction and revenue. Breaches of our data security systems or unintended disclosure of our customer data could result in large expenditures to repair or replace such systems, to remedy any security breaches and to protect us from similar events in the future. Our infrastructure may be vulnerable to physical or electronic break- ins, computer viruses, or similar disruptive problems. In addition to shutdowns, our systems are subject to risks caused by misappropriation, misuse, leakage, falsification and accidental release or loss of information. We process, store, and transmit data, including personally identifiable information and payment card industry data of our customers, and it is critical that this data remains secure and is perceived by the marketplace to be secure. Personal data is increasingly subject to legal and regulatory protections around the world, which vary widely in approach and which possibly conflict with one another. In recent years, for example, U. S. legislators and regulatory agencies, such as the Federal Trade Commission, as well as U. S. states, have increased their focus on protecting personal data by law and regulation, and have increased enforcement actions for violations of privacy and data protection requirements. In May 2018, The European Commission approved and adopted the General Data Protection Regulation (" GDPR ") in the European Union, a new data protection law. These data protection laws and regulations are intended to protect the privacy and security of personal data, including credit card information that is collected, processed and transmitted in or from the relevant jurisdiction. Implementation of and compliance with these laws and regulations may be more costly or take longer than we anticipate, or could otherwise adversely affect our business operations, which could negatively impact our financial position or cash flows. Our business could be materially adversely affected by our inability, or the inability of our vendors who receive personal data from us, to comply with legal obligations regarding the use of personal data, new data handling requirements that conflict with or negatively impact our business practices. In addition, our agreements with customers may also require that we indemnify the customer for liability arising from data breaches under the terms of our agreements with these customers. Disruptions or security compromises of our systems could result in large expenditures to repair or replace such systems, to remedy any security breaches and protect us from similar events in the future. We also could be exposed to negligence claims or other legal proceedings brought by our customers or their clients, and we could incur significant legal expenses and our management' s attention may be diverted from our operations in defending ourselves against and resolving lawsuits or claims. In addition, if we were to suffer damage to our reputation as a result of any system failure or security compromise, our revenue and profitability could be adversely affected **. Disruptions and other damages to our information technology and breaches in data security or cybersecurity attacks could have a negative financial impact and damage our reputation. Our ability to serve our customers depends in part on the reliability of our technologies and system networks. Unauthorized parties gaining access to digital technology and networks for the purposes of misappropriating sensitive financial or business information, corrupting data, causing operational disruptions and other cyber- related risks could adversely impact our customer relationships, business strategy and our reputation. These potential disruptions and cyber- attacks could negatively affect revenues, costs, customer demand, system availability and our reputation. In addition, as we execute our strategy to grow through acquisitions and to pursue newer technologies that improve the efficiency of our operations, we are also expanding our information technologies, resulting in a greater technological presence and corresponding vulnerability to cybersecurity risk. Certain new technologies present new and significant cybersecurity safety risks that must be addressed before implementation. If we fail to identify and address cybersecurity risks associated with acquisitions and new strategic initiatives, we may become increasingly exposed to such risks** . We are exposed to risks associated with PCI compliance. The PCI Data Security Standard (" PCI DSS ") is a specific set of comprehensive security standards required by credit card brands for enhancing payment account data security, including but not limited to requirements for security management, policies, procedures, network architecture, and software design. PCI DSS compliance is required in order to ~~maintain~~ **12maintain** credit card processing services. Compliance does not guarantee a completely secure environment and notwithstanding the results of this assessment there can be no assurance that payment card brands will not request further compliance assessments or set forth additional requirements to maintain access to credit card processing services. Compliance is an ongoing effort and the requirements evolve as new threats are identified. In the event that we were to ~~12lose~~ -- **lose** PCI DSS compliance status (or fail to renew compliance under a future version of the PCI DSS), we could be exposed to increased operating costs, fines and penalties and, in extreme circumstances, may have our credit card processing privileges revoked, which would have a material adverse effect on our business. Our failure to comply with the covenants contained in our loan agreement could result in an event of default that could adversely affect our financial condition and ability to operate our business as planned. We currently have a line of credit with Silicon Valley Bank, maturing on February 28, 2024, under which there were no outstanding borrowings as of June 30, ~~2022~~ **2023** . Our loan agreement contains, and any agreements to refinance our debt likely will contain, financial and restrictive covenants. We were in compliance with these covenants as of June 30, ~~2022~~ **2023** , however, our failure to comply with these covenants in the future may result in an event of default, which if not cured or waived, could result in the bank preventing us from accessing availability under our line of credit and requiring us to repay any outstanding borrowings. There can be no assurance that we will be able to obtain waivers of future covenant violations or that such waivers will be available on commercially acceptable terms. In addition, the indebtedness under our loan agreement is secured by a security interest in substantially all of our tangible and intangible assets, and therefore, if we are unable to repay such indebtedness the bank could foreclose on these assets and sell the pledged equity interests, which would adversely affect our ability to operate our business. If any of these were to occur, we may not be able to continue operations as planned, implement our planned growth strategy or react to opportunities for or downturns in our business. Government regulations related to the Internet could increase our cost of doing business, affect our ability to grow or may otherwise negatively affect our business. Governmental agencies and federal and state legislatures have adopted, and may continue to adopt, new laws and regulatory practices in response to the increasing use of the Internet and other online services. These new laws may be related to issues such as online privacy and data protection requirements, copyrights, trademarks and service mark, sales taxes, fair business practices, domain name ownership and the requirement that our operating units register to do business as foreign entities or otherwise be licensed to do business in jurisdictions where they have no physical location or other presence. In addition, these new laws, regulations or interpretations relating to doing business through the Internet could increase our costs materially and adversely affect our revenue and results of operations. We may be adversely affected by changes in legislation and regulation. Laws relating to communications, data protection, e- commerce, direct marketing and digital advertising and the use of public records have become more prevalent in recent years. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts in the United States, Europe and other jurisdictions, may impose limits on our collection and use of certain kinds of information and our ability to communicate such information effectively to our customers. It is difficult to predict in what form laws and regulations will be adopted or how they will be construed by the relevant courts, or the extent to which ~~nay~~ **any** changes might adversely affect us. Our growth strategy may require significant additional resources, and such additional resources might not be available on terms acceptable to us, if at all, which may in turn hamper our growth and adversely affect our business. Our growth strategy will require us to significantly expand the capabilities of our administrative and operational resources. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new technology, improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, we may need to undertake equity, equity-linked or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt ~~securities~~ **13securities** , our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, including the ability to pay dividends. This may make it more difficult for us to obtain additional capital and to ~~13pursue~~ -- **pursue** business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and respond to business challenges could be significantly impaired, and our business may be adversely affected. In addition, our failure to successfully manage our growth could result in our sales not increasing commensurately with our capital investments. If we are unable to successfully manage our growth, we may be unable to achieve our goals. Acquisitions, joint ventures or similar strategic relationships may disrupt or otherwise have a material adverse effect on our business and financial results. As part of our strategy, we may explore strategic acquisitions and combinations, including the acquisition of customer lists, or enter into joint ventures or similar strategic relationships. These transactions are subject to the following risks: ● Acquisitions, joint ventures or similar relationships may cause a disruption in our ongoing business, distract our management and make it difficult to maintain our standards, controls and procedures; ● We may not be able to integrate successfully the services, content, products and personnel of any such transaction into our operations; ● We may not derive the revenue improvements, cost savings and other intended benefits of any such transaction; and ● There may be risks, exposures and liabilities of acquired entities or other third parties with whom we undertake a transaction, that may arise from such third parties' activities prior to undertaking a transaction with us. Our prior acquisitions have resulted in significant impairment charges and have operated at losses. We can provide no assurance that future acquisitions, joint ventures or strategic relationships will be accretive to our business overall or will result in profitable operations. We are subject to risks related to our foreign operations which could adversely affect our operations and financial performance. We have an operational and administrative support organization in Mexico, and sell our services worldwide. Foreign operations are subject to various risks which could have a material adverse effect on those operations, the costs of those operations, and our business as a whole, including: exposure to local economic and employment conditions; exposure to local taxes and employment regulations, political conditions; currency exchange rate fluctuations; reliance of local management; and additional potential costs of complying with rules and regulations, and potential changes to those rule and regulations, of foreign jurisdictions. Any adverse consequence resulting from the materialization of the foregoing risks would adversely affect our financial performance and results of operations. ~~Unfavorable~~ **14Unfavorable** ~~general~~ **global** economic conditions **could have a material adverse effect on our business, financial condition, results of operations, prospects and market price of our common stock. Financial instability and a general decline in economic conditions** in the United States **and** ~~, Europe, or in~~ other ~~major markets could negatively impact~~ **countries caused by political instability and conflict, including the ongoing conflict between Russia and Ukraine, and economic** ~~our~~ - **or** financial ~~performance. Unfavorable~~ **challenges caused by current and potential future bank failures or by** general **health crises** ~~economic conditions,~~ such as ~~a recession or economic slowdown in the United States, Europe, Japan, or in one or more of our other~~ -- **the** ~~major markets, could negatively affect demand for our services and our results of operations. Under difficult economic conditions, businesses may seek to reduce spending on our services, or shift away from our services to in- house alternatives. 14The~~ COVID- 19 pandemic **, have led** ~~could negatively impact our future operations and results. We are subject~~ to **market disruptions, including significant volatility in commodity prices,** ~~risks and uncertainties as a result of the COVID- 19 pandemic. The extent of the impact of the COVID- 19 pandemic on our business is highly uncertain and difficult to predict~~ - **credit** ~~, as the responses that we, other businesses~~ and ~~governments are taking continue to evolve. Furthermore,~~ capital markets **instability, including disruptions in access to bank deposits** and ~~economies worldwide~~ **lending commitments, supply chain interruptions, rising interest rates and global inflationary pressures. These macroeconomic factors could materially and adversely affect our ability to continue to operate as a going concern and could otherwise** have ~~also been negatively impacted~~ **a material adverse effect on our business, operations, operating results and financial condition as well as the price of our common stock. The recent closures of Silicon Valley Bank, or SVB, Signature Bank and First Republic Bank have resulted in broader financial institution liquidity risk and concerns. Although we were able to access all of the funds we had in deposit with SVB and have diversified banking services previously provided solely** by **SVB to alternative global banking providers, future adverse developments with respect to specific financial institutions or** the ~~COVID~~ **broader financial services industry may lead to market** - ~~19 pandemic, and it is possible that it~~ **wide liquidity shortages. The failure of any bank in which we deposit our funds** could **reduce** ~~cause a local and / or global economic recession. Policymakers around the globe have responded with fiscal policy actions to support the healthcare industry and economy as a whole. The magnitude and overall effectiveness of these~~ -- **the amount of cash** ~~actions remain uncertain. To date,~~ we have ~~not~~ **available for our operations or delay our ability to access such funds. Any such failure may increase the possibility of a sustained deterioration of financial market liquidity, or illiquidity at clearing, cash management and / or custodial financial institutions. In the event we have a commercial relationship with a bank that has failed or is otherwise distressed, we may** ~~experienced~~ - **experience** ~~any significant changes~~ **delays or other issues** in **meeting our financial obligations. If other banks and financial institutions fail or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our cash and cash equivalents and investments may be threatened, which could have a material adverse effect on** our business **,** ~~that would have a significant negative impact on our consolidated statements of~~ operations ~~or cash flows. The severity of the impact of the COVID- 19 pandemic on our business will depend on a number of factors~~ , **operating results** ~~including, but not limited to, the duration~~ and ~~severity of the pandemic and the extent and severity of the impact on our customers, service providers and suppliers, all of which are uncertain and cannot be predicted. As of the date of issuance of our financial statements, the extent to which the COVID- 19 pandemic may in the future materially impact our~~ financial condition ~~, liquidity~~ **as well as the price of** ~~or~~ **our common stock** ~~results of operations is uncertain~~ . Risks Relating to Ownership of Our Common StockWe cannot predict the extent to which an active public trading market for our common stock will develop or be sustained. If an active public trading market does not develop or cannot be sustained, you may be unable to liquidate your investment in our common stock. We cannot predict the extent to which an active public market for our common stock will develop or be sustained due to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors, and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk- averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares of common stock until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non- existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that an active public trading market for our common stock will develop or be sustained. If such a market cannot be sustained, you may be unable to liquidate your investment in our common stock. Our common stock may be subject to significant price volatility which may have an adverse effect on your ability to liquidate your investment in our common stock. The market for our common stock may be characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will be more volatile than a seasoned issuer for the indefinite future. The potential volatility in our share price is attributable to a number of factors. First, our common shares may be sporadically and / or thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer that could better absorb those sales without adverse impact on its share price. Secondly, an investment in us is a speculative or " risky " investment due to our lack of meaningful profits ~~to~~ **15to** date and uncertainty of future profits. As a consequence of this enhanced risk, more risk- adverse investors may, under ~~15the~~ -- **the** fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. We have not paid cash dividends in the past and do not expect to pay cash dividends in the foreseeable future. Any return on your investment may be limited to increases in the market price of our common stock. We have never paid cash dividends on our common stock and do not anticipate paying cash dividends on our common stock in the foreseeable future. In addition, our Loan and Security Agreement with Silicon Valley Bank prohibits us from paying cash dividends. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment might only occur if the market price of our common stock appreciates. Voting power of a significant percentage of our common stock is held by our Executive Chairman, and his brother- in- law, who together are able to exert significant influence over the outcome of matters to be voted on by our stockholders. As of September ~~16~~ **8** , ~~2022~~ **2023** , Peter Victor Derycz, our Executive Chairman, had voting power equal to approximately ~~12~~ **11. 2** % of votes eligible to be cast at a meeting of our stockholders. Paul Kessler, the brother- in- law of Mr. Derycz, exercises investment and voting control over the shares held by Bristol Investment Fund, Ltd., and had, as of September ~~17~~ **8** , ~~2022~~ **2023** , voting power equal to approximately ~~9~~ **8. 7** % of votes eligible to be cast at a meeting of our stockholders **. As of September 8, 2023, Mr. Derycz, Bristol Investment Fund, Ltd. (" Bristol Fund "), Bristol Capital Advisors, LLC, Paul Kessler, Janice Peterson and Andrew Ritter (collectively, the " Group ") were party to a Joint Filing and Solicitation Agreement pursuant to which the Group agreed, to the extent required by applicable law, to the joint filing of statements on Schedule 13D with respect to the securities of the Company, to solicit proxies for the election of nominees nominated by the Group at the Corporation' s annual meeting of stockholders, not to transact in securities of the Company without the prior written consent of Bristol Fund and Mr. Derycz, subject to certain exceptions, that any SEC filing, press release, public shareholder communication or Company communication proposed to be made or issued by the Group or any member of the Group in connection with the Group' s activities shall be mutually agreeable to Bristol Fund and Mr. Derycz, and that Mr. Derycz and Bristol Fund agree to jointly pay all out- of- pocket costs and expenses incurred in connection with the Group' s activities based on Mr. Derycz' s and Bristol Fund' s pro rata share of their aggregate ownership of shares of the Company' s common stock, which shall be advanced by Bristol Fund and repaid by Mr. Derycz pursuant to the terms of the Joint Filing and Solicitation Agreement** . As a result of their significant ownership interests, Mr. Derycz and Mr. Kessler together currently have the ability to exert significant influence over the election of directors, and other matters submitted to a vote of all of our **stockholders, and have submitted an alternate slate of nominees for consideration at the Company' s 2023 annual meeting of** stockholders. They may also have interests that differ from yours and may vote in a manner that is adverse to your interests. This concentration of ownership may have the effect of deterring, delaying or preventing a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. The exercise of outstanding options and warrants to purchase our common stock could substantially dilute your investment. Under the terms of our outstanding options and warrants to purchase our common stock issued to employees and others, the holders are given an opportunity to profit from a rise in the market price of our common stock that, upon the exercise of the options and / or warrants, could result in dilution in the interests of our other stockholders. ~~The~~ **16The** market price of our common stock and the value of your investment could substantially decline if our warrants or options are exercised and our common stock is issued and resold into the market, or if a perception exists that a substantial number of shares will be issued upon exercise of our warrants and option and then resold into the market. If the exercise prices of our warrants or options are lower than the price at which you made your investment, immediate dilution of the value of your investment will occur. In addition, sales of a substantial number of shares of common stock issued upon exercise of our warrants and options, or even the perception that such sales could occur, could adversely affect the market price of our common stock. You could, therefore, experience a substantial decline in the value of your investment as a result of both the actual and potential exercise of our warrants or options. Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes- Oxley Act of 2002 could result in a restatement of our financial statements, cause investors to lose confidence in our financial statements and our company and have a material adverse effect on our business and stock price. We produce our financial statements in accordance with accounting principles generally accepted in the United States, or GAAP. Effective internal controls are necessary for us to provide reliable financial reports to help mitigate the risk of fraud and to operate successfully as a publicly traded company. As a public company, we are required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes- Oxley Act of ~~162002~~ -- **2002** , or Section 404. Further, Section 404 requires annual management assessments of the effectiveness of our internal controls over financial reporting. Testing and maintaining internal controls can divert our management' s attention from other matters that are important to our business. We may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. If we are unable to conclude that we have effective internal controls over financial reporting, investors could lose confidence in our reported financial information and our company, which could result in a decline in the market price of our common stock, and cause us to fail to meet our reporting obligations in the future, which in turn could impact our ability to raise additional financing if needed in the future. Our board of directors has broad discretion to issue additional securities. We are entitled under our certificate of incorporation to issue up to 100, 000, 000 shares of common stock and 20, 000, 000 shares of " blank check " preferred stock, although these amounts may change in the future subject to stockholder approval. Shares of our blank check preferred stock provide our board of directors' broad authority to determine voting, dividend, conversion, and other rights. As of June 30, ~~2022~~ **2023** we had issued and outstanding ~~27~~ **29** , ~~075~~ **487** , ~~648~~ **508** shares of common stock and we had ~~7~~ **4** , ~~118~~ **405** , ~~468~~ **501** shares of common stock reserved for future grants under our equity compensation plans and for issuances upon the exercise or conversion of currently outstanding options, warrants and convertible securities. As of June 30, ~~2022~~ **2023** , we had no shares of preferred stock issued and outstanding. Accordingly, as of June 30, ~~2022~~ **2023** , we could issue up to ~~65~~ **66** , ~~805~~ **106** , ~~884~~ **991** additional shares of common stock and 20, 000, 000 additional shares of " blank check " preferred stock. Any additional stock issuances could be made at a price that reflects a discount or premium to the then- current market price of our common stock. In addition, in order to raise capital, we may need to issue securities that are convertible into or exchangeable for a significant amount of our common stock. Our board may generally issue those common and preferred shares, or convertible securities to purchase those shares, without further approval by our stockholders. Any preferred shares we may issue could have such rights, preferences, privileges and restrictions as may be designated from time- to- time by our board, including preferential dividend rights, voting rights, conversion rights, redemption rights and liquidation provisions. We may also issue additional securities to our directors, officers, employees and consultants as compensatory grants in connection with their services, both in the form of stand- alone grants or under our stock incentive plans. The issuance of additional securities may cause substantial dilution to our stockholders. Our articles of incorporation, bylaws and Nevada law have anti- takeover provisions that could discourage, delay or prevent a change in control, which may cause our stock price to decline. Our articles of incorporation, bylaws and Nevada law contain provisions which could make it more difficult for a third party to acquire us, even if closing such a transaction would be beneficial to our stockholders. We are currently ~~authorized to issue up to 20, 000, 000 shares of " blank check " preferred stock. This preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by our board of directors without further action by stockholders. The terms of any series of preferred stock may include voting rights (including the right to vote as a series on particular matters), preferences as to dividend, liquidation, conversion and redemption rights and sinking fund provisions. No shares of our preferred stock are currently outstanding. The issuance of any preferred stock could materially adversely affect the rights of the holders of our common stock, and therefore, reduce the value of our common stock. In particular, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party and thereby preserve control by current management. Provisions of our articles of incorporation, bylaws and Nevada law also could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, our articles of incorporation, our bylaws and Nevada law, as applicable, among other things, provide our board of directors with the ability to alter our bylaws without stockholder approval, and provide that vacancies on our board of directors may be filled by a majority of directors in office, although less than a quorum. We may become subject to Nevada' s control share acquisition laws (Nevada Revised Statutes 78. 378- 78. 3793), which prohibit an acquirer, under certain circumstances, from voting shares of a corporation' s stock after crossing specific~~ 17