

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

PCS Edventures!, Inc.

11915 W. Executive Dr., Ste. 101

Boise, ID 83713

208-343-3110

<https://www.edventures.com/>

info@edventures.com

8299

Quarterly Report

For the period ending December 31, 2022 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

125,482,479 as of December 31, 2022

124,482,479 as of March 31, 2022

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

PCS Edventures!, Inc. is our current company name. We were first organized as PCS Education Systems, Inc. on August 3, 1994. On March 27, 2000, we changed our name from PCS Education Systems, Inc. to PCS Edventures!.com, Inc. On August 31, 2015, we changed our name from PCS Edventures!.com, Inc. to PCS Edventures!, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Idaho – Active and Good Standing

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

11915 W. Executive Dr., Ste.101 Boise, ID 83713

The address(es) of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Same as above.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

None

2) Security Information

Transfer Agent

Name: Issuer Direct Corporation
Phone: 801-272-9294
Email: Julie.felix@issuereirect.com
Address: 1981 E. Murray Holladay Rd., #100
Salt Lake City, UT 84117

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>PCSV</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>69325N 10 2</u>	
Par or stated value:	<u>0.00</u>	
Total shares authorized:	<u>150,000,000</u>	<u>as of date: 12/31/2022</u>
Total shares outstanding:	<u>125,482,479</u>	<u>as of date: 12/31/2022</u>
Total number of shareholders of record:	<u>238</u>	<u>as of date: 12/31/2022</u>

All additional class(es) of publicly quoted or traded securities (if any): None

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	<u>Preferred Stock</u>	
CUSIP (if applicable):	<u>N/A</u>	
Par or stated value:	<u>N/A</u>	
Total shares authorized:	<u>20,000,000</u>	<u>as of date: 12/31/2022</u>
Total shares outstanding (if applicable):	<u>0</u>	<u>as of date: 12/31/2022</u>
Total number of shareholders of record: (if applicable)	<u>0</u>	<u>as of date: 12/31/2022</u>

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. **For common equity, describe any dividend, voting and preemption rights.**

Each share of Common Stock is entitled to one vote and does not have preemptive rights. The Company has never paid a dividend on its Common Stock. Dividends, if any, will be declared at the discretion of the Board of Directors.

2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

We have no preferred stock outstanding.

3. **Describe any other material rights of common or preferred stockholders.**

None

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>3/31/2020</u>									
Opening Balance									
Common: <u>123,482,479</u>									
Preferred: <u>0</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>7/23/2021</u>	<u>New</u>	<u>1,000.00</u> <u>0</u>	<u>Common Stock</u>	<u>\$0.015</u>	<u>Yes</u>	<u>K2Red, LLC Beneficial Owner >5%</u>	<u>Warrant Exercised</u>	<u>Restricted</u>	<u>144</u>
<u>8/18/2023</u>	<u>New</u>	<u>1,000.00</u> <u>0</u>	<u>Common Stock</u>	<u>\$0.025</u>	<u>Yes</u>	<u>Michael J. Bledsoe</u>	<u>Option Exercised</u>	<u>Restricted</u>	<u>144</u>
Shares Outstanding on Date of This Report:									
Date <u>12/31/2022</u>									
Ending Balance:									
Common: <u>125,482,479</u>									
Preferred: <u>0</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above: None

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$) 12/31/2022	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
<u>4/19/19</u>	<u>1,300,000</u>	<u>1,688,327</u>	<u>0</u>	<u>5/1/23</u>	<u>None</u>	<u>Todd Hackett</u>	<u>Loan</u>
<u>6/1/19</u>	<u>50,000</u>	<u>50,000</u>	<u>24,084</u>	<u>5/31/23</u>	<u>None</u>	<u>Michael Bledsoe</u>	<u>Loan</u>

Use the space below to provide any additional details, including footnotes to the table above: None

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. (Please ensure that these descriptions are updated on the Company's Profile on www.otcm Markets.com).

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company specializes in creating experiential, hands-on, K12 STEM (Science, Technology, Engineering, and Math) education products and curriculum. (STEM is often abbreviated as STEAM – Science, Technology, Engineering, Arts, and Math – to include the arts. We use the terms STEM and STEAM interchangeably throughout this document and make no significant distinction between the two terms.) Through our acquisition of Thrust-UAV, we developed educational drones and drone curriculum. Our customers include schools and school districts from the collegiate to kindergarten level, and providers of out-of-school programming which include after-school programs, home-schooling programs, summer programs, and corporate outreach programs. We sell predominately in the United States and sell into nearly every state in the nation. We have a few international customers, but revenue from customers outside of the United States is not material and we do not focus our sales efforts on international markets at this time.

Our products facilitate STEM education by providing engaging activities that demonstrate STEM concepts and inspire further STEM studies, with the goal of ultimately leading students to pursue STEM career pathways. Due to our exceptionally detailed curriculum, our products are easy to teach and do not require a teaching degree or experience to administer.

PCS' educational products are developed from both in-house efforts and contracted services. They are marketed through reseller channels, direct sales efforts, partner networks, and web-based channels.

B. List any subsidiaries, parent company, or affiliated companies.

None

C. Describe the issuers' principal products or services.

PCS has developed and sells a variety of STEM education products into the K12 market which can be categorized as follows:

1. Enrichment Programs

These programs are for the informal learning market (i.e. YMCAs, Boys & Girls Clubs, summer programs, after-school programs) and are designed to be highly engaging for students while easily administered by the instructor. The Company currently offers 28 different enrichment programs: 10 for grades K-3; 7 for grades 4-6; 4 for grades 4-8; and 7 for grades 6-8. We typically develop at least one new program each year.

2. Discover Series Products

These products are designed for the makerspace environment (i.e. classrooms, after-school programs, and clubs where inventing and building are encouraged) and include engaging STEM activities that motivates students to pursue educational pathways toward STEM careers. We offer ten (10) different titles covering grades 1-12.

3. BrickLAB Products

These products are designed for the grade school market (which includes both classroom and informal learning environments) and use the Company's proprietary bricks (LEGO compatible) and curriculum to engage students to explore, imagine, and create within a STEM education framework. The Company offers a variety of grade-specific BrickLAB products. Our bricks are manufactured in South Korea by a long-time supplier.

4. Discover Drones, Add-on Drone Packages and Ala Carte Drone Items

These products are designed using drones as a platform for STEM education and career exploration and target the 7-12 grade levels. We have developed our proprietary educational drone called RubiQ, which students build and fly, and have incorporated that drone into our Discover Drones product line. We have also incorporated drones manufactured by third parties, using our proprietary curriculum, into enrichment programs and Discover series products.

5. STEAMventures BUILD Activity Book

This is designed for the K-3 market and ideal for a distance-learning environment. The series includes twelve (12) different issues, each based on a theme. Instructor guides and/or family engagement guides are included. Each STEAMventures Build Activity Book contains builds, using Lego-compatible bricks, related to the theme of the magazine. The Company also offers the bricks required for the builds in the Activity Books separately.

All of the above product lines listed in 1-5 above come with proprietary curriculum and educator guides developed by our Company. We also sell our curriculum as a stand-alone product.

6. Professional Development Training

The Company offers professional development trainings, for a fee, to educators who are implementing the Company's products in their program. For non-profit STEM grantor organizations who purchase large quantities of our programs for implementation over a wide reach, we offer professional development trainings at a large discount to our standard rates. Similarly, we also offer

complementary webinars to customers providing an overview of their recent purchase from the Company.

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

PCS Edventures!, Inc.'s corporate headquarters, R&D activities, and manufacturing facilities are located at 11915 W. Executive Dr., Ste. 101, Boise, ID 83713. The Company occupies 10,000 square feet of office and warehouse space under a lease with a monthly rental which is due to expire on October 31, 2024.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Todd R. Hackett</u>	<u>Chairman, CEO, Beneficial Owner > 10%</u>	<u>1923 Wildwood Ln. Muscatine, IA 52761</u>	<u>55,465,380</u>	<u>Common Stock</u>	<u>44.20%</u>	_____
<u>Michael J. Bledsoe</u>	<u>President, Director, Principal Financial Officer</u>	<u>1227 E. Versailles Ct. Boise, ID 83706</u>	<u>2,734,235</u>	<u>Common Stock</u>	<u>2.18%</u>	_____
<u>Daniel Fuchs</u>	<u>Private Individual Beneficial Owner > 5%</u>	<u>3072 Heatherwood Rd. Twin Falls, ID 83301</u>	<u>11,662,001</u>	<u>Common Stock</u>	<u>9.29%</u>	<u>Includes shares owned by K2 Red, LLC., in which Daniel Fuchs is a 33.3% owner</u>
<u>K2Red, LLC</u>	<u>Limited Liability Company, Beneficial Owner > 5%</u>	<u>526 Shoup Ave. W. Suite K Twin Falls, ID 83301</u>	<u>7,300,547</u>	<u>Common Stock</u>	<u>5.82%</u>	<u>Daniel Fuchs is a 33.3% owner, control person and resident agent</u>

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Leonard W. Burningham
Firm: Burningham Law Group
Address 1: P.O. Box 521844
Address 2: Salt Lake City, UT 84152
Phone: (801) 363-7411
Email: lwb@burninglaw.com

Accountant or Auditor

Name: Rob Abercrombie, CPA
Firm: Haynie & Company, CPAs
Address 1: 1785 West 2320 South
Address 2: Salt Lake City, UT 84119
Phone: (801) 972-4800
Email: roba@hayniecpas.com

Investor Relations

None

All other means of Investor Communication:

Twitter: not active
Facebook: not active
[Other] email list for news release dissemination

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Karris Kimble, CPA
Firm: B.A. Harris, CPAs
Nature of Services: Tax reporting, financial statement preparation
Address 1: 1290 W. Myrtle Street, Suite 310
Address 2: Boise, ID 83702
Phone: (208) 424-5177, ext 2107
Email: karris@baharris.cpa

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- IFRS
- U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: **Michael J. Bledsoe**
Title: **President**
Relationship to Issuer: **Employee**

Describe the qualifications of the person or persons who prepared the financial statements:

Mr. Bledsoe, the Company's President and Principal Financial Officer, oversees the preparation of the quarterly financial statements. He is a former investment advisor with extensive experience analyzing financial statements. He is assisted by Stephanie Gitter, an employee and accountant, and by Karris Kimble, CPA and outside consultant. Annual financial statements are audited by Haynie & Company, CPAs.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

The Company's financial statements for the Third Quarter of Fiscal Year 2023 ending December 31, 2022, and for the Third Quarter of Fiscal Year 2022 ending December 31, 2021 are provided below:

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Condensed Balance Sheet as of December 31, 2022 (unaudited)

Condensed Balance Sheet as of March 31, 2022

Condensed Statements of Operations for the Three and Nine Months ended December 31, 2022 and 2021 (unaudited)

Condensed Statements of Stockholders' Equity for the Nine Months ended December 31, 2022 and 2021 (unaudited)

Condensed Statements of Cash Flows for the Nine Months Ended December 31, 2022 and 2021 (unaudited)

Notes to unaudited Condensed Financial Statements

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

PCS EDVENTURES!, INC.
Condensed Balance Sheets

	December 31, 2022	March 31, 2022
	(Unaudited)	(Audited)
CURRENT ASSETS		
Cash	\$ 693,943	\$ 584,070
Accounts receivable, net of cash allowance of \$3,438	429,242	360,670
Accounts receivable, other receivables	13,312	105,314
Prepaid expenses	421,975	85,728
Inventory, net of \$8,139 reserve	1,518,342	1,159,627
Total Current Assets	3,076,815	2,295,409
NONCURRENT ASSETS		
Lease Right-of-Use Asset	197,547	266,680
Deposits	6,300	6,300
Property and equipment, net	30,154	17,165
Total Noncurrent Assets	234,001	290,145
TOTAL ASSETS	\$ 3,310,816	\$ 2,585,554
CURRENT LIABILITIES		
Accounts payable	\$ 110,416	\$ 90,314
Payroll liabilities and accrued expenses	158,094	276,837
Deferred revenue	2,288	-
Lease Liability, current portion	98,027	93,327
Line of Credit Facility	-	-
Notes payable, related party	1,350,000	1,493,327
Total Current Liabilities	1,718,825	1,953,805
Lease liabilities, net of current portion	101,920	174,353
Total Noncurrent Liabilities	101,920	174,353
TOTAL LIABILITIES	1,820,745	2,128,158
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, no par value, 20,000,000 authorized shares, no shares issued and outstanding	-	-
Common stock, no par value, 150,000,000 authorized shares, 125,482,479 and 124,482,479 shares issued and outstanding	-	-
Additional Paid-in Capital	40,630,393	40,589,402
Accumulated deficit	(39,140,322)	(40,132,007)
Total Stockholders' Equity	1,490,071	457,396
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,310,816	\$ 2,585,554

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

PCS EDVENTURES!, INC.
Condensed Statements of Operations
(Unaudited)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2022	2021	2022	2021
REVENUES				
Domestic revenue	\$ 1,847,659	\$566,473	\$ 4,483,106	\$ 2,622,058
Total Revenues	1,847,659	566,473	4,483,106	2,622,058
COST OF SALES	751,711	239,500	1,833,669	1,154,706
GROSS PROFIT	1,095,948	326,973	2,649,437	1,467,351
OPERATING EXPENSES				
Salaries and wages	389,795	306,255	1,050,032	929,057
General and administrative expenses	191,117	142,456	587,718	448,537
Total Operating Expenses	580,912	448,712	1,637,750	1,377,593
INCOME (LOSS) FROM OPERATIONS	515,036	(121,739)	1,011,687	89,758
OTHER INCOME AND (EXPENSES)				
Employee Retention Credit	94,703	7,669	94,703	198,995
Gain on Debt Forgiveness	-	-	-	221,050
Interest expense	(40,544)	(40,834)	(114,705)	(129,217)
Total Other Income/(Expense)	54,159	(33,165)	(20,002)	290,828
NET INCOME (LOSS) BEFORE TAXES	569,195	(154,904)	991,685	380,586
Provision for income taxes	-	-	-	-
NET INCOME (LOSS)	\$ 569,195	\$ (154,904)	991,685	\$ 380,586
Net income/loss per common share:				
Basic	\$ 0.00	\$ (0.00)	\$ 0.01	\$ 0.00
Diluted	\$ 0.00	\$ (0.00)	\$ 0.01	\$ 0.00
Weighted Average Common Shares Outstanding				
Basic	125,482,479	124,428,131	124,973,388	123,798,843
Diluted	125,647,758	124,428,131	125,138,667	124,407,582

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

PCS EDVENTURES!, Inc.
Condensed Statement of Stockholders' Equity (Deficit)
(Unaudited)

	<u># of Common Shares O/S</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Stockholders' Equity (Deficit)</u>
Balance at 3/31/2021	123,482,479	-	\$ 40,548,563	(40,861,342)	(312,778)
Net Income	-	-	-	535,490	535,490
Shares Issued (exercise of warrants)	1,000,000	-	15,000	-	15,000
Option expense	-	-	4,751	-	4,751
Balance at 9/30/2021	124,482,479	-	40,568,314	(40,325,852)	242,463
Net Income	-	-	-	193,845	193,845
Shares Issued	-	-	-	-	-
Option expense	-	-	21,089	-	21,089
Balance at 3/31/2022	124,482,479	-	40,589,403	(40,132,007)	457,396
Net Income	-	-	-	991,685	991,685
Shares Issued (exercise of options)	1,000,000	-	25,000	-	25,000
Option expense	-	-	15,990	-	15,990
Balance at 12/31/2022	125,482,479	-	\$ 40,630,393	(39,140,322)	1,490,071

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

PCS EDVENTURES!, INC.
Statements of Cash Flows
(Unaudited)

	For the Nine Months ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME (LOSS)	\$ 991,685	\$ 380,586
Changes in operating assets and liabilities		
Stock based compensation	15,990	15,411
Depreciation and amortization	3,470	-
Amortization of right of use asset	73,833	25,036
(Increase) decrease in accounts receivable	(68,572)	121,514
(Increase) decrease in prepaid expenses	(336,247)	(294,076)
(Increase) decrease in inventories	(358,716)	(157,361)
(Increase) decrease in other current assets	92,002	(143,282)
(Decrease) increase in accounts payable and accrued liabilities	(98,641)	124,049
(Increase) decrease in lease liability	(72,433)	(25,036)
Increase (Decrease) in unearned revenue	2,288	35,671
Net Cash Provided by (Used by) Operating Activities	244,659	82,512
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase of fixed assets	(16,459)	-
Net Cash Provided by (Used by) Investing Activities	(16,459)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt forgiveness Payroll Protection Program	-	(219,875)
Principal payments on debt	(143,327)	(120,750)
Proceeds from sale of stock	25,000	15,000
Net Cash Provided by (Used by) Financing Activities	(118,327)	(325,625)
Net Increase (Decrease) in Cash	109,873	(243,113)
Cash at Beginning of period	584,070	500,150
Cash at End of period	693,943	257,037
NON-CASH INVESTING & FINANCING ACTIVITIES		
Right of use asset acquired under operating lease	-	-
Accrued interest added to note principal	-	-
CASH PAID FOR:		
Cash paid for interest	\$ 107,955	128,452
Cash paid for operating leases	\$ 85,522	78,712

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

PCS EDVENTURES!, INC.
Notes to the Unaudited Condensed Financial Statements
December 31, 2022

NOTE 1 - DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The financial statements presented are those of PCS Edventures!, Inc., an Idaho corporation (“PCS,” “PCSV,” “we,” “our,” “us” or similar words), incorporated in 1994, in the State of Idaho. PCS specializes in experiential, hands-on, K12 education and drone technology. PCS has extensive experience and intellectual property (IP) that includes robotics software and hardware, product designs, and K12 curriculum content. PCS continually develops new educational products based upon market needs that the Company identifies through its sales and customer networks.

PCS educational products are developed from both in-house efforts and contracted services. They are marketed through reseller channels, direct sales efforts, partner networks, and web-based strategies.

PCS has developed and sells a variety of STEM education products into the K12 market which can be categorized as follows:

1. *Enrichment Programs* – These camps are for the informal learning market and are designed to be highly engaging for students while easily administered by the instructor. The Company offers approximately 30 different enrichment programs and typically develops at least two new programs each year. Some of the more popular programs include *Ready, Set, Drone!*; *Drone Designers*; *Traveling Artist*; *Unleash Your Wild Side*; *Build a Better World*; *Claymation*; *Oceanic Exploration*; *Pirate*; and *Flight and Aerodynamics*.
2. *Discover Series Products* – These products are designed for the makerspace environment and include engaging STEM activities that motivate students to pursue educational pathways toward STEM careers. The Discover Series includes *Discover Engineering*; *Discover Robotics & Physics*; *Discover Robotics & Programming*; and *Discover STEM*.
3. *BrickLAB Products* – These products are designed for the grade school market and use the Company’s proprietary bricks and curriculum to engage students to explore, imagine, and create within a STEM education framework. The Company offers a variety of grade-specific BrickLAB products.
4. *Discover Drones, Add-on Drone Packages and Ala Carte Drone Items* – These products are designed around using drones as a platform for STEM education and career exploration. These titles include the *Discover Drones* series of Products; *Discover Drones Indoor Coding Bundle*; *Discover Drones Indoor Racing Add-On*; *Discover Drones Outdoor Practice Add-on*; and all the spare parts and ala carte drone items offered in the Company’s comprehensive drone packages.
5. *STEAMventures BUILD Activity Book* – These series of activity books are designed for the K-3 market and ideal for a distance-learning environment. The series includes twelve (12) different issues. Instructor guides and/or family engagement guides are included. The Company also provides the necessary bricks for the builds in the activity books as a separate, but related product.
6. *Professional Development Training* – The Company offers professional development trainings, for a fee, to educators who are implementing the Company’s products in their classroom.

The Company intends to continue developing STEM education products that address demand from large markets.

Accounting Method

The Company’s financial statements are prepared using the accrual method of accounting. The Company has elected a March 31 fiscal year end.

Cash and Cash Equivalents

Cash and cash equivalents, totaling \$693,943 and \$584,070 on December 31, 2022 and March 31, 2022, respectively, consist of operating accounts. For the purpose of the statements of cash flows, the Company considers all highly liquid financial instruments with original maturities of three months or less at the date of purchase to be cash equivalents.

Use of Estimates

The preparation of these financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts of assets and liabilities and 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’s significant estimates include reserves related to accounts receivable and inventory, the valuation allowance related to deferred tax assets, the valuation of equity instruments, and debt discounts.

Concentration of Credit Risks

The Company extends credit to customers and is therefore subject to credit risk. Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of trade receivables. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses which when realized have been within the range of management’s expectations. An allowance for doubtful accounts is recorded to account for potential bad debts. Estimates are used in determining the allowance for doubtful accounts and are based upon an assessment of selected account, historic averages, and as a percentage of remaining accounts receivable by aging category. In determining these percentages, the Company evaluates historical write-offs, and current trends in customer credit quality, as well as changes in credit policies. The Company does not require collateral from its customers. The Company has established an allowance for doubtful accounts of \$3,438 as of December 31, 2022 and March 31, 2022.

Inventory

Inventory is composed of items produced in-house, as well as items from outside suppliers. These items include, but are not limited to, Fischertechnik® manipulatives, Brick manipulatives, drone components, digital media equipment, furniture units, curriculum, and other miscellaneous items used in our various products. Our inventory is carried at the lower of cost or market and valued using the average cost method for each item.

Continuous development of education products with superior technology and materials and a review of market conditions can be drivers of inventory impairment. The Company measures the carrying value of the inventory against its market value, and if the carrying value exceeds the market value, the inventory value is adjusted down accordingly. The balance for the provision for excess and obsolete inventory reserve was \$8,139 at December 31, 2022 and March 31, 2022.

Property, Plant and Equipment

Depreciation on property and equipment is computed using the straight-line method over the estimated useful life of the asset. The Company purchased various warehouse and office equipment for \$35,287 and recognized \$5,133 in depreciation of that equipment for a total property and equipment of \$30,154 as of December 31, 2022.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment annually, or when events or circumstances arise that indicate the existence of impairment for patents and other intangibles. There was no impairment recorded during the nine-month period ended December 31, 2022 or 2021.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary

differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. 100% valuation allowance is provided in 2020.

In November 2015, the Financial Accounting Standards Board issued ASU No. 2015-17, "Income Taxes (Topic 740)-Balance Sheet Classification of Deferred Taxes" (ASU 2015-17), which requires reporting the net amount of deferred tax assets and liabilities as a single noncurrent item on the classified balance sheet. Before this change, the net amounts of current and noncurrent deferred tax assets and liabilities were reported separately.

We account for income taxes in accordance with ASC 740, Income Taxes ("ASC 740"). ASC 740 prescribes the use of the asset and liability method to compute the differences between the tax bases of assets and liabilities and the related financial amounts, using currently enacted tax laws. If necessary, a valuation allowance is established, based on the weight of available evidence, to reduce deferred tax assets to the amount that is more likely than not to be realized. Realization of the deferred tax assets, net of deferred tax liabilities, is principally dependent upon achievement of sufficient future taxable income. We exercise significant judgment in determining our provisions for income taxes, our deferred tax assets and liabilities and our future taxable income for purposes of assessing our ability to utilize any future tax benefit from our deferred tax assets.

In accordance with GAAP, the Company has analyzed its filing positions in all jurisdictions where it is required to file income tax returns for the open tax years in such jurisdictions. The Company currently believes that all significant filing positions are highly certain and that all of its significant income tax filing positions and deductions would be sustained upon audit. Therefore, the Company has no significant reserves for uncertain tax positions, and no adjustment to such reserves was required by GAAP. No interest or penalties have been levied against the Company and none are anticipated, therefore no interest or penalty has been included in the provision for income taxes in the consolidated statements of operations. The Internal Revenue Code contains provisions which reduce or limit the availability and utilization of net operating loss (NOL) carry forwards in the event of a more than 50% change in ownership. If such an ownership change occurs with the Company, the use of these net operating losses could be limited.

Revenue Recognition

The Company accounts for revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which we adopted on April 1, 2018. Revenue amounts presented in our financial statements are recognized net of sales tax, value-added taxes, and other taxes. Amounts received as prepayment on future products or services are recorded as unearned revenues and recognized as income when the product is shipped or service performed.

The Company follows the FASB Accounting Standards Codification ASC 606 for revenue recognition. The Company will recognize revenue when it is realized or realizable and earned. The Company considers revenue realized or realizable and earned when all of the following criteria are met:

1) *Identify the contract with a customer*

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

2) *Identify the performance obligations in the contract*

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

3) *Determine the transaction price*

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. None of the Company's contracts as of December 31, 2021 contained a significant financing component.

4) *Allocate the transaction price to performance obligations in the contract*

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. However, if a series of distinct services that are substantially the same qualifies as a single performance obligation in a contract with variable consideration, the Company must determine if the variable consideration is attributable to the entire contract or to a specific part of the contract. For example, a bonus or penalty may be associated with one or more, but not all, distinct services promised in a series of distinct services that forms part of a single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

5) *Recognize revenue when or as the Company satisfies a performance obligation*

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

Convention revenue is generally earned upon completion of the convention. Unearned convention revenue is deposits received for conventions that have not yet taken place, which are fully or partially refundable depending upon the terms and conditions of the agreements.

Stock-Based Compensation

We recognize stock-based compensation expense under the provisions of ASC 718, Compensation —Stock Compensation ("ASC 718"). We use the Black-Scholes option pricing model to calculate the fair value of stock options at their respective grant date. The use of option valuation models requires the input of highly subjective assumptions, including the expected stock price volatility and the expected term of the option. The fair value of restricted stock awards is the fair market value on the date of grant. We recognize these compensation costs on a straight-line basis over the requisite service period, which is generally the vesting period of the award.

On August 21, 2018, the Company granted Michael Bledsoe, its President, options to purchase 1,000,000 shares of the Company's "restricted" Rule 144 common stock at 2.5 cents, with a 3 year term. On August 21, 2021, at the maturity of the options, the Company extended by one year the maturity date of options, with the same strike price and amount. The extension is being expensed as new options with a 1 year term to purchase 1,000,000 shares of "restricted" Rule 144 common stock at a strike price of 2.5 cents. These options were exercised on August 18, 2022. The Company recognized options expense of \$15,990 for the nine months ending December 31, 2022.

Business Segments and Related Information

GAAP establishes standards for the way public business enterprises are to report information about operating segments in annual financial statements and requires enterprises to report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosure about products and services, geographic areas and major customers. The Company currently operates within one business segment.

Net Earnings (Loss) Per Share of Common Stock

The Company calculates net income (loss) per share in accordance with ASC 260, Earnings Per Share (“ASC 260”). Under ASC 260, basic net income (loss) per common share is calculated by dividing net income (loss) by the weighted-average number of common shares outstanding during the reporting period. The weighted average number of shares of common stock outstanding includes vested restricted stock awards. Diluted net income (loss) per share (“EPS”) reflects the potential dilution that could occur assuming exercise of all dilutive unexercised stock options and warrants. The dilutive effect of these instruments was determined using the treasury stock method. Under the treasury stock method, the proceeds received from the exercise of stock options and restricted stock awards, the amount of compensation cost for future service not yet recognized by the Company and the amount of tax benefits that would be recorded as income tax expense when the stock options become deductible for income tax purposes are all assumed to be used to repurchase shares of the Company’s common stock.

Common stock outstanding reflected in the Company’s balance sheets includes restricted stock awards outstanding. Securities that may participate in undistributed net income with common stock are considered participating securities. The following schedule presents the calculation of basic and diluted net income per share:

Common stock outstanding reflected in the Company’s balance sheets includes restricted stock awards outstanding. Securities that may participate in undistributed net income with common stock are considered participating securities. The following schedule presents the calculation of basic and diluted net income per share:

	For the Nine Months ended December 31,	
	<u>2022</u>	<u>2021</u>
Net Income (loss) per common Share:		
Basic	\$ 0.01	\$ 0.00
Diluted	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding Basic	124,973,388	123,798,843
Weighted average number of common shares outstanding Fully Diluted	125,138,667	124,407,582

Common stock outstanding reflected in the Company’s balance sheet includes restricted stock awards outstanding. The computation of diluted loss per share does not assume exercise or conversion of securities that would have an anti-dilutive effect.

Net income for the nine-month period ended December 31, 2022 and 2021 was \$963,117 and \$380,586, respectively.

Reclassifications

Certain accounts in the prior period financial statements have been reclassified for comparison purposes to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net income or loss.

Recently Issued Accounting Pronouncements

In November 2019, the FASB issued ASU 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivative and Hedging (Topic 815). This new guidance will be effective for annual reporting periods beginning after December 15, 2019, including interim periods within those annual reporting periods. While the Company is continuing to assess the potential impacts of ASU 2019-10, it does not expect ASU 2019-10 to have a material effect on its financial statements.

ASU 2016-02, Leases (Topic 842) - In February 2016, the FASB issued ASU 2016-02, and subsequently amended this update by issuing additional ASU’s that provide clarification and further guidance around areas identified as potential implementation issues. These updates require a lessee to recognize in the balance sheet a liability to make lease payments and a corresponding right-of-use asset for virtually all leases, other than leases with a term of 12 months or less if the short-term lease exclusion expedient is elected. The updates also require additional disclosures about the amount, timing,

and uncertainty of cash flows arising from leases. These updates are effective for annual and interim periods for fiscal years beginning after December 15, 2018, which required us to adopt these provisions in the fiscal year ending March 31, 2020.

In June 2018, the FASB issued ASU 2018-07, “Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting,” which expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC 606. The amendments in ASU 2018-07 are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted these amendments in the fiscal year ended March 31, 2019 and the impact was immaterial.

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes (Topic 740) (“ASU 2019-12”). The objective of the standard is to improve areas of GAAP by removing certain exceptions permitted by ASC Topic 740 Income Taxes and clarifying existing guidance to facilitate consistent application. The standard will become effective for the Company beginning on January 1, 2021. The Company is currently evaluating the new standard to determine the potential impact of ASU 2019-12 on its financial statements and related disclosures.

The Company has reviewed other recent accounting pronouncements and has determined that they will not significantly impact the Company’s results of operations or financial position.

NOTE 2 – BUSINESS CONDITION

The Company continues to experience robust demand for its products, and is generating positive net income and cash flow which it uses to reduce debt and fund growth. On October 3, 2022, the Company announced a contract award from the United States Air Force Junior Reserve Officers’ Training Corps (JROTC) in the amount of \$2.6 million for 344 units of the Company’s *Discover Drones* Classroom Package plus Add-ons. During the quarter ended December 31, 2022, the Company delivered, invoiced, and received payment for 150 units of the JROTC’s 344 unit order which depleted the Company’s inventory of this product. Concurrently with fulfilling the first 150 units, the Company purchased the materials necessary to fulfill the remaining JROTC order and replenish inventory. To finance this purchase, the Company borrowed \$700,000 at the peak of its financing needs during the quarter in the form of a \$200,000 promissory note from each of its Board members and a \$300,000 line of credit facility that the Company established with its primary bank. These three loans were paid off at the end of the quarter when the Company received its payment from the JRTOC.

As of December 31, 2022, the Company had \$693,943 in cash, \$429,242 in accounts receivable, and \$1,518,342 in inventory. Management estimates that the Company had over \$1.4 million in order backlog as of December 31, 2022. This order backlog largely represented the remaining JROTC order that was yet to be fulfilled and explains the Company’s larger inventory balance at December 31, 2022. Management believes that the Company’s current liquidity, order backlog, future sales prospects, and access to financing are sufficient to fund the Company’s operations over the next 12 months.

NOTE 3 – ACCOUNTS RECEIVABLE

In the Company’s normal course of business, the Company provides credit terms to its customers, which generally range from net 15 to 45 days. The Company performs ongoing credit evaluations of its customers. The Company established an allowance for uncollectible accounts of \$3,438 at December 31, 2022 and March 31, 2022.

NOTE 4 – INVENTORIES

Inventories for the periods are as follows:	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Finished goods	1,526,481	1,167,766
Less reserve for slow-moving or obsolete inventories	(8,139)	(8,139)
Total finished goods	<u>1,518,342</u>	<u>1,159,627</u>

NOTE 5 – PREPAID EXPENSES

Prepaid expenses for the periods are as follows:

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Prepaid insurance	\$ 14,225	\$ 5,571
Prepaid tradeshow	32,621	3,498
Prepaid inventory	341,771	49,082
Prepaid software	21,163	15,138
Prepaid other	12,195	12,439
Total Prepaid Expenses	<u>\$ 421,975</u>	<u>\$ 85,728</u>

NOTE 6 – LINE OF CREDIT FACILITY

On November 10, 2022, the Company established a \$300,000 Line of Credit facility with its primary bank. This facility is revolving, has a one-year term, and has a 6.75% annual interest rate applied to outstanding balances of the facility. During the quarter ending December 31, 2022, the Company used this facility to procure materials necessary to fulfill the Company's JRTOC contract. On December 30, 2022, the Company received a payment from the JRTOC and repaid the outstanding balance of the LOC facility.

NOTE 7 – COMMON AND PREFERRED STOCK TRANSACTIONS

a. Common Stock

The Company has 150,000,000 authorized shares of common stock, no par value. At December 31, 2022 the total common shares issued and outstanding was 125,482,479.

During the nine-month period ended December 31, 2022, the Company received \$25,000 for the exercise of 1,000,000 options by its President at \$0.025 per warrant. The proceeds of \$25,000 was recorded to Common Stock – no par value. The stock was issued on August 18, 2022.

b. Preferred Stock

The Company has 20,000,000 authorized shares of preferred stock. As of December 31, 2022 and March 31, 2022, there were no preferred shares issued or outstanding.

NOTE 8 – NOTES PAYABLE

Notes payable consisted of the following as of December 31, 2021 and March 31, 2021

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes payable, related party	1,350,000	1,493,327
Total Notes Payable	\$ <u>1,350,000</u>	\$ <u>1,493,327</u>

Note Payable – Related Party

From April 1, 2013 to March 31, 2017, the Company executed related party promissory notes with the Chairman and CEO for \$1,292,679, \$175,000, and \$340,000 paid down to a principal balance of \$220,648, with interest of 10% per annum. Monthly interest payments have been made in cash starting in January of 2019. On April 19, 2019, these notes were consolidated to one promissory note for \$1,688,327, with interest of 10% per annum, and a due date to April 20, 2020. Total interest accrued and paid in the fiscal year ending March 31, 2020 totaled \$142,210. Principal payments were made totaling \$245,000 for an ending principal balance at March 31, 2020 of \$1,443,327. The note was subsequently amended with a maturity date of May 1, 2021, with all other terms and conditions remaining the same. No principal payments were made on this note in fiscal year 2021, leaving a principal balance as of March 31, 2021 of \$1,443,327. This promissory note due date was subsequently amended to a new due date of May 1, 2022, with all other terms and conditions remaining the same. No principal payments were made on this note in fiscal year 2022, leaving a principal balance as of March 31, 2022 of \$1,443,327. This promissory note due date was subsequently amended to a

new due date of May 1, 2023, with all other terms and conditions remaining the same. Principal payments of \$143,000 were made during fiscal year 2023 resulting in a principal balance as of December 31, 2022 of \$1,300,000.

On February 1, 2017, the Company executed a non-convertible promissory note with no warrants attached with a member of the Executive Management Team and Board of Directors, for \$50,000 at 20% interest per annum, due April 30, 2017. The note's principal balance of \$50,000, and accrued interest of \$23,342 as of May 31, 2019 was amended on June 1, 2019. The promissory note June 1, 2019 amendment reduced the interest rate to 10% per annum, and accrued interest on both the \$50,000 principal balance and the \$23,342 accrued interest balance, and extended the due date to May 31, 2020. This promissory note due date was subsequently amended to a new due date of May 31, 2021. As of March 31, 2021, the principal balance on this note was \$50,000 and the accrued interest was \$36,805. This promissory note due date was subsequently amended to a new due date of May 31, 2022, with all other terms and conditions remaining the same. As of March 31, 2022, the principal balance on this note was \$50,000 and the accrued interest was \$44,140. This promissory note due date was subsequently amended to a new due date of May 31, 2023, with all other terms and conditions remaining the same. During fiscal year 2023, interest payments of \$25,000 were made on this promissory note resulting in a principal balance of \$50,000 and accrued interest of \$24,084 as of December 31, 2022.

The total amount of the notes payable with related party balance at December 31, 2022 was \$1,350,000. As of March 31, 2022 the balance was \$1,493,327.

On October 14, 2022, the Company entered into a promissory note with its Chairman and CEO for \$200,000. The terms of this note were for a maturity of December 31, 2022 with a 7% annual interest rate. On December 30, 2022, the Company paid back this loan in full with interest.

On December 8, 2022, the Company entered into a promissory note with its President \$200,000. The terms of this note were for a maturity of January 31, 2023 with a 7% annual interest rate. On December 30, 2022, the Company paid back this loan in full with interest.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Leases

The Company adopted ASC 842 as of November 9, 2019 using a modified retrospective transition approach for all leases existing at December 31, 2019, the date of the initial application. Consequently, financial information will not be updated, and disclosures required under ASC 842 will not be provided for dates and periods before January 1, 2020.

The Company determines if a contract is a lease or contains a lease at inception. Right of use assets related to operating type leases are reported in other noncurrent assets and the present value of remaining lease obligations is reported in accrued and other liabilities and other noncurrent liabilities on the Balance Sheets. The Company does not currently have any financing type leases.

Operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company's leases do not provide an implicit rate. The Company determines the incremental borrowing rates applicable to the economic environment based on the information available at commencement date, in determining the present value of future payments. The right of use asset for operating leases is measured using the lease liability adjusted for the impact of lease payments made prior to commencement, lease incentives received, initial direct costs incurred and any asset impairments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The Company re-measures and reallocates the consideration in a lease when there is a modification of the lease that is not accounted for as a separate contract. The lease liability is re-measured when there is a change in the lease term or a change in the assessment of whether the Company will exercise a lease option. The Company assesses right of use assets for impairment in accordance with its long-lived asset impairment policy.

The Company accounts for lease agreements with contractually required lease and non-lease components on a combined basis. Lease payments made for cancellable leases, variable amounts that are not based on an observable index and lease agreements with an original duration of less than twelve months are recorded directly to lease expense.

a. Office and Warehouse

The Company leases one building containing its main office and warehouse space under a non-cancelable lease agreement, which commenced on March 2, 2016, accounted for as an operating lease expiring March 14, 2020. On March 3, 2020, a third amendment extended the lease for 19.5 months, expiring October 31, 2021 at \$0.60 a square foot. On September 16, 2021, the Company signed a fourth amendment to the lease with a monthly rental amount starting at \$6,800 and escalating by \$200 per month at the end of each lease year, which is due to expire on October 31, 2024. Building lease expense was \$79,093 and \$71,802 for the nine months ended December 31, 2022 and 2021, respectively.

b. Equipment

The Company leased one production printer on November 12, 2015 for a term of 60 months, with a purchase option of fair market value, expiring December 2020. The Company leased a replacement production printer for 60 months commencing on January 14, 2020. Equipment lease expense was \$23,922 for the nine months ended December 31, 2022 and 2021.

As of December 31, 2022, accounted for and presented under ASC 842 guidance, the future minimum lease payments on operating leases, were as follows:

Total minimum lease obligation over the next 5 years	
Fiscal Year	Amount
2023	24,195
2024	103,026
2025	70,326
2026	-
2027	-
Total	\$ 197,547

	Balance Sheet Location	December 31, 2022
Right of use assets	Other noncurrent assets	\$197,547
Lease payable	Current liabilities	\$98,027
Lease payable	Long-term liabilities	101,920
Total lease payable		\$199,947

Supplemental cash flow information related to operating leases:

	December 31, 2022
Operating cash paid to settle lease liabilities	\$56,748
Right of use asset additions in exchange for lease liabilities	-

	December 31, 2022
Weighted average remaining lease term (in years)	2.0
Weighted average discount rate	10%

NOTE 10 – PAYROLL LIABILITIES & ACCRUED EXPENSES

Accrued expenses for the periods are as follows:

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Payroll liabilities	132,273	226,237
Interest payable	25,361	43,928
Sales tax payable	460	6,672
Total	<u>\$ 158,094</u>	<u>\$ 276,837</u>

NOTE 11 – INCOME TAXES

The Company follows the asset and liability method of accounting for income taxes under FASB ASC 740, “*Income Taxes*.” Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of December 31, 2022 and December 31, 2021. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties as of December 31, 2021 and December 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

The Company may be subject to potential examination by federal, state, and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, and compliance with federal, state, and city tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Although we believe that our tax estimates are reasonable, the ultimate tax determination involves significant judgments that could become subject to examination by tax authorities in the ordinary course of business. We periodically assess the likelihood of adverse outcomes resulting from these examinations to determine the impact on our deferred taxes and income tax liabilities and the adequacy of our provision for income taxes. Changes in income tax legislation, statutory income tax rates or future taxable income levels, among other things, could materially impact our valuation of income tax assets and liabilities and could cause our income tax provision to vary significantly among financial reporting periods.

The Company files income tax returns in the United States, the State of Idaho and the State of California. The statute of limitations on a Federal tax return is the due date of the tax return plus three years. In the case of NOLs, the year in which the NOL was generated remains open up to the amount of the NOL until the statute of limitations expires on the year it was used. All required tax returns of the Company due since inception have been filed. The Company does not have any unrecognized tax benefits to report in the current period.

NOTE 12 – DILUTIVE INSTRUMENTS

Stock Options and Warrants

The following table summarizes option / warrant activity during the nine months ended December 31, 2022:

	Number of Options/ Warrants	Weighted Average Exercise Price	Weighted Average Fair Value at Issuance	Weighted Average Remaining Contract Life
Outstanding at March 31, 2022	1,250,000	\$0.024	\$0.024	0.51 years
Granted	-	-	-	-
Expired	-	-	-	-
Forfeited/Cancelled	-	-	-	-
Exercised	(1,000,000)	\$0.025	\$0.025	-
Outstanding at December 31, 2022	<u>250,000</u>	\$0.020	\$0.020	0.22 years
Exercisable at December 31, 2022	<u>250,000</u>	\$0.020	\$0.020	0.22 years

All 250,000 options outstanding and exercisable as of December 31, 2022 are fully vested.

NOTE 13 – RELATED PARTY TRANSACTIONS

On August 21, 2018, the Company granted 1,000,000 stock options to our President, Michael J. Bledsoe. The expected volatility rate of 254.03% was calculated using the Company's stock price over the period beginning August 21, 2018, through date of issue. A risk-free interest rate of 0.27% was used to value the options. The options were valued using the Black-Scholes valuation model. The options vested immediately and were exercisable at \$0.025 per share which represents the fair market value at the date of grant in accordance with the 2009 Equity Incentive Plan. The maturity date was August 21, 2021. On August 21, 2021, at the maturity of the options, the Company extended by one year the maturity date of options, with all other terms remaining the same. The extension is being expensed as new options with a one year term to purchase 1,000,000 shares of "restricted" Rule 144 common stock at a strike price of 2.5 cents and accounted for as a modification. On August 18, 2022, the options were exercised.

From April 1, 2013 to March 31, 2017, the Company executed related party promissory notes with the Chairman and CEO for \$1,292,679, \$175,000, \$340,000 paid down to a principal balance of \$220,648, with interest of 10% per annum. Monthly interest payments have been made in cash starting in January of 2019. On April 19, 2019, these notes were consolidated to one promissory note for \$1,688,327, with interest of 10% per annum, and extending the due date to April 20, 2020. Total interest accrued and paid in the fiscal year ending March 31, 2020 totaled \$142,210. Principal payments were made totaling \$245,000 for an ending principal balance at March 31, 2020 of \$1,443,327. The note was subsequently amended with a maturity date of May 1, 2021, with all other terms and conditions remaining the same. No principal payments were made on this note in fiscal year 2021, leaving a principal balance as of March 31, 2021 of \$1,443,327. This promissory note due date was subsequently amended to a new due date of May 1, 2022, with all other terms and conditions remaining the same. No principal payments were made on this note in fiscal year 2022, leaving a principal balance as of March 31, 2022 of \$1,443,327. This promissory note due date was subsequently amended to a new due date of May 1, 2023, with all other terms and conditions remaining the same. Principal payments of \$143,000 were made during fiscal year 2023 resulting in a principal balance as of December 31, 2022 of \$1,300,000.

On February 1, 2017, the Company executed a non-convertible promissory note with no warrants attached with a member of the Executive Management Team and Board of Directors, for \$50,000 at 20% interest per annum, due April 30, 2017. The note's principal balance of \$50,000, and accrued interest of \$23,342 as of May 31, 2019 was amended on June 1, 2019. The promissory note June 1, 2019 amendment reduced the interest rate to 10% per annum, but to accrue interest on both the \$50,000 principal balance and the \$23,342 accrued interest and extended the due date to May 31, 2020. This promissory note due date was subsequently amended to a new due date of May 31, 2021. As of March 31, 2021, the principal balance on this note was \$50,000 and the accrued interest was \$36,805. This promissory note due date was subsequently amended to a new due date of May 31, 2022, with all other terms and conditions remaining the same. As of March 31, 2022, the principal balance on this note was \$50,000 and the accrued interest was \$44,140. This promissory note due date was subsequently amended to a new due date of May 31, 2023, with all other terms and conditions remaining the same. During fiscal year 2023, interest payments of \$25,000 were made on this promissory note resulting in a principal balance of \$50,000 and accrued interest of \$24,084 as of December 31, 2022.

On October 14, 2022, the Company entered into a promissory note with its Chairman and CEO for \$200,000. The terms of this note were for a maturity of December 31, 2022 with a 7% annual interest rate. On December 30, 2022, the Company paid back this loan in full with interest.

On December 8, 2022, the Company entered into a promissory note with its President \$200,000. The terms of this note were for a maturity of January 31, 2023 with a 7% annual interest rate. On December 30, 2022, the Company paid back this loan in full with interest.

NOTE 14 – SUBSEQUENT EVENTS

There are no subsequent events to report.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Todd R. Hackett, certify that:

1. I have reviewed this Disclosure Statement for PCS Edventures!, Inc. for the period ending December 31, 2022;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

February 15, 2023

/s/ [Todd R. Hackett]

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)

Principal Financial Officer:

I, Michael J. Bledsoe, certify that:

1. I have reviewed this Disclosure Statement for PCS Edventures!, Inc. for the period ending December 31, 2022;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

February 15, 2023

/s/ [Michael J. Bledsoe]

(Digital Signatures should appear as “/s/ [OFFICER NAME]”)