PREDICTIVE TECHNOLOGY GROUP, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/17/21 for the Period Ending 03/31/21

Address	615 ARAPEEN DRIVE, SUITE 300
	SALT LAKE CITY, UT, 84108
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

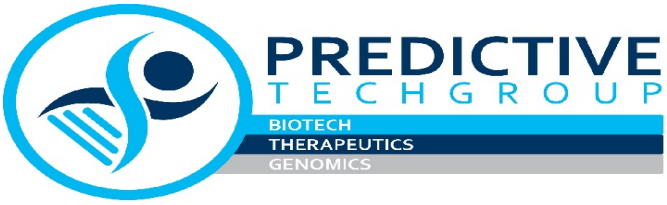
For the quarterly period ended March 31, 2021

Or

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period _____ to _____

Commission file number 000-56008



PREDICTIVE TECHNOLOGY GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada	**90-1139372**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
2735 Parleys Way, Suite 205, Salt Lake City, Utah	**84109**
(Address of principal executive offices)	(Zip Code)

+1 (888) 407-9761

(Registrant's telephone number, including area code)

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

Title of each class
Common Stock, $.001 Par Value Per Share

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

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

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

Larger Accelerated Filer [ ]	Accelerated Filer [ ]
Non-Accelerated Filer [ ] (Do not check if a smaller reporting company)	Smaller Reporting Company [X]
Emerging growth company [ ]	

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

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

The number of shares of Predictive common stock outstanding as of May 17, 2021 was 299,596,808.

PREDICTIVE TECHNOLOGY GROUP, INC.
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2021

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

PREDICTIVE TECHNOLOGY GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2021	As of June 30, 2020
ASSETS		
Current assets:		
Cash	$ 151,993	$ 331,228
Accounts receivable, net of allowance for doubtful accounts of $187,501 and $239,392	2,415,492	136,903
Inventory	923,335	1,514,841
Other current assets	5,349,248	5,720,561
Total current assets	8,840,068	7,703,533
Property and equipment, net	3,777,951	5,305,099
Operating lease right of use assets	461,170	1,115,308
License agreements, net of amortization	14,518,678	16,064,728
Patents, net of amortization	5,546,160	6,085,785
Trade secrets, net of amortization	25,226,544	29,236,447
Other intangible assets, net of amortization	254,848	295,788
Equity method investments	8,271,959	12,731,383
Goodwill	-	5,254,451
Other long-term assets	61,199	49,893
Total assets	$ 66,958,577	$ 83,842,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,438,197	$ 4,988,319
Accrued liabilities	8,301,931	8,046,814
Deferred revenue	566,622	381,889
Operating lease liability, current portion	483,209	914,473
Finance lease liability, current portion	682,177	649,492
Notes payable, current portion	8,949,779	705,234
Subscription payable, current portion	7,206,610	5,150,000
Total current liabilities	30,628,525	20,836,221
Operating lease liability, net of current portion	-	243,378
Finance lease liability, net of current portion	344,838	861,613
Subscription payable, net of current portion	-	2,056,610
Notes payable, net of current portion	2,980,533	4,465,985
Deferred tax liabilities	300,896	300,896
Other non-current liabilities	834,590	154,430
Total liabilities	35,089,382	28,919,133

(Continued)

Stockholders' equity:		
Common stock, par value $0.001, 299,596,808 shares issued and outstanding at March 31, 2021 and June 30, 2020; 900,000,000 shares authorized	299,597	299,597
Additional paid-in capital	188,857,015	181,862,823
Accumulated deficit	(156,824,153)	(126,872,115)
Total controlling interest	32,332,459	55,290,305
Non-controlling interest	(463,264)	(367,023)
Total stockholders' equity	31,869,195	54,923,282
Total liabilities and stockholders' equity	$ 66,958,577	$ 83,842,415

See accompanying notes

PREDICTIVE TECHNOLOGY GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Revenue	$ 6,893,976	$ 5,723,984	$ 16,052,468	$ 21,319,882
Cost of goods sold, exclusive of depreciation & amortization shown below:	2,917,628	4,237,824	9,211,457	17,260,070
Operating expenses:				
Selling and marketing	1,000,474	2,002,394	2,934,428	8,203,957
General and administrative	4,212,145	6,343,658	14,379,990	19,757,304
Research and development	227,450	2,125,421	1,155,673	6,318,121
Depreciation and amortization	1,770,043	2,738,165	6,005,688	8,123,484
Loss on impairment	-	-	7,015,326	-
Total operating expenses	7,210,112	13,209,638	31,491,105	42,402,866
Operating loss	(3,233,764)	(11,723,478)	(24,650,094)	(38,343,054)
Loss on equity method investment	(3,715,600)	(651,450)	(4,459,425)	(17,040,002)
Interest expense	(468,116)	(100,118)	(951,774)	(471,336)
Gain on disposal of asset	85,287	-	106,605	-
Other loss	(65,879)	-	(65,879)	-
Total other income (loss), net	(4,164,308)	(751,568)	(5,370,473)	(17,511,338)
Loss before income taxes	(7,398,072)	(12,475,046)	(30,020,567)	(55,854,392)
Benefit from (Provision for) income taxes	(21,660)	(1,257,868)	(27,712)	8,190,327
Net loss & comprehensive loss	$ (7,419,732)	$ (13,732,914)	$ (30,048,279)	$ (47,664,065)
Net loss non-controlling interest	(32,559)	(31,934)	(96,241)	(95,809)
Net loss attributable to common shareholders	$ (7,387,173)	$ (13,700,980)	$ (29,952,038)	$ (47,568,256)
Weighted average common shares outstanding, basic & diluted	299,596,808	294,685,635	299,596,808	293,866,529
Basic & diluted loss per share attributable to common shareholders	$ (0.02)	$ (0.05)	$ (0.10)	$ (0.16)

See accompanying notes

PREDICTIVE TECHNOLOGY GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended March 31,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	$ (30,048,279)	$ (47,664,065)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,005,688	8,123,484
Loss on impairment	7,015,326	-
Provision (recoveries) for bad debts	(51,891)	177,560
Share based compensation	6,994,192	13,363,687
Deferred income taxes	-	(8,282,964)
Non-cash lease expense	654,138	533,705
Losses on equity method investment	4,459,425	17,040,002
Gain on disposition of equipment	(106,605)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,226,698)	947,436
Inventory	591,506	3,584,892
Other assets	360,007	(103,157)
Accounts payable	(430,852)	107,651
Accrued liabilities	935,277	822,776
Operating lease liability	(674,642)	(534,981)
Deferred revenue	184,733	(182,385)
Net cash used in operating activities	(6,338,675)	(12,066,359)
Cash flows from investing activities:		
Proceeds from sale of fixed assets	260,000	-
Purchases of property and equipment	(237,584)	(504,136)
Cash payments on equity method investee stock subscription	-	(520,000)
Net cash provided by (used in) investing activities	22,416	(1,024,136)
Cash flows from financing activities:		
Proceeds from sale of common stock	-	480,000
Proceeds from issuance of long term debt	6,759,093	11,540,000
Principal payments on finance leases	(622,069)	(341,306)
Net cash provided by financing activities	6,137,024	11,678,694
Net increase (decrease) in cash and cash equivalents	(179,235)	(1,411,801)
Cash and cash equivalents at the beginning of the period	331,228	1,618,244
Cash and cash equivalents at the end of the period	$ 151,993	$ 206,443

(Continued)

PREDICTIVE TECHNOLOGY GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

The following is a summary of supplemental cash flow activities:

	Nine Months Ended March 31,	
	2021	**2020**
Property and equipment in accounts payable	$ 112,808	$ 73,333
Finance lease payments in accounts payable	7,571	-
Right-of-use assets obtained in exchange for new operating lease liabilities	-	1,903,222
Issuance of common stock to settle subscription payable	-	2,430,000
Extinguishment of debt with common stock	-	9,451,918

(Concluded)

See accompanying notes

PREDICTIVE TECHNOLOGY GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Non-Controlling	Accumulated	Stockholders'
	Shares	Amount	Paid in Capital	Interest	Deficit	Equity
BALANCES AT JUNE 30, 2019	**273,761,955**	**$ 273,762**	**$ 153,604,830**	**$ (239,280)**	**$ (41,102,849)**	**$ 112,536,463**
Share based compensation	-	-	4,994,600	-	-	4,994,600
Cashless exercise of warrants	9,223,605	9,224	(9,224)	-	-	-
Net loss	-	-	-	(31,934)	(7, 864,607)	(7,896,541)
BALANCES AT SEPTEMBER 30, 2019	**282,985,560**	**282,986**	**158,590,206**	**(271,214)**	**(48,967,456)**	**109,634,522**
Share based compensation	-	-	4, 634,069	-	-	4,634,069
Net loss	-	-	-	(31,941)	(26,002,669)	(26,034,610)
BALANCES AT DECEMBER 31, 2019	**282,985,560**	**282,986**	**163,224,275**	**(303,155)**	**(74,970,125)**	**88,233,981**
Share based compensation	-	-	4,005,018	-	-	4,005,018
Extinguishment of debt with common stock	12,947,833	12,948	9,438,970	-	-	9,451,918
Issuance of common stock to settle subscription payable	2,963,415	2,963	2,427,037	-	-	2,430,000
Issuance of common stock for cash	500,000	500	479,500	-	-	480,000
Net loss	-	-	-	(31,934)	(13, 700,980)	(13,732,914)
BALANCES AT MARCH 31, 2020	**299,396,808**	**$ 299,397**	**$ 179,574,800**	**$ (335,089)**	**$ (88,671,105)**	**$ 90,868,003**

	Common Stock		Additional	Non-Controlling	Accumulated	Stockholders'
	Shares	Amount	Paid in Capital	Interest	Deficit	Equity
BALANCES AT JUNE 30, 2020	**299,596,808**	**$ 299,597**	**$ 181, 862,823**	**$ (367,023)**	**$ (126,872,115)**	**$ 54,923,282**
Share based compensation	-	-	2,936,580	-	-	2,936,580
Net loss	-	-	-	(32,080)	(15,460,064)	(15,492,144)
BALANCES AT SEPTEMBER 30, 2020	**299,596,808**	**299,597**	**184,799,403**	**(399,103)**	**(142,232,179)**	**42,367,718**
Share based compensation	-	-	2,649,889	-	-	2,649,889
Net loss	-	-	-	(31,602)	(7,104,801)	(7,136,403)
BALANCES AT DECEMBER 31, 2020	**299,596,808**	**299,597**	**187,449,292**	**(430,705)**	**(149,436,980)**	**37,881,204**
Share based compensation	-	-	1,407,723	-	-	1,407,723
Net loss	-	-	-	(32,559)	(7,387,173)	(7,419,732)
BALANCES AT MARCH 31, 2021	**299,596,808**	**$ 299,597**	**$ 188,857,015**	**$ (463,264)**	**$ (156,824,153)**	**$ 31,869,195**

See accompanying notes

NOTE 1- BUSINESS DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS DESCRIPTION:

Predictive Technology Group, Inc., together with its subsidiaries (collectively, "PTG", "Predictive" or the "Company"), develops and commercializes discoveries and technologies involved in novel molecular diagnostic, therapeutic, and Human Cellular and Tissue-Based Products ("HCT/Ps"). The Company uses this information as the cornerstone in the development of new diagnostics that assess a person's risk of disease and develop pharmaceutical therapeutics and HCT/Ps for use by healthcare professionals to improve outcomes in their patients. The Company's corporate headquarters are in Salt Lake City, Utah.

SEGMENT INFORMATION:

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker (CODM) in making decisions regarding resource allocation and assessing performance. The Company operates in two reportable segments, which are differentiated by product. The HCT/P segment offers minimally manipulated tissue products intended for homologous use, prepared utilizing proprietary extraction methods that reduce the loss of important scaffolding, growth factors and cytokines. The Company's Diagnostics and Therapeutics segment uses data analytics for disease identification and subsequent therapeutic intervention through novel gene-based diagnostics, and companion therapeutics. Lastly, the "Unallocated Corporate" column in the table below represents those headquarters activities that do not qualify as operating segments, and which are not allocated to operating segments in information provided to the CODM. We currently sell our products exclusively in the United States.

Segment revenue and operating loss were as follows during the periods presented:

	HCT/Ps	Diagnostics & Therapeutics	Unallocated Corporate	Total
Three months ended March 31, 2021				
Revenues	$ 3,034,027	$ 3,859,949	$ -	$ 6,893,976
Depreciation and amortization	192,200	1,488,456	89,387	1,770,043
Share based compensation	205,204	89,261	1,113,258	1,407,723
Segment operating loss	(1,406,051)	(541,419)	(1,286,294)	(3,233,764)
Three months ended March 31, 2020				
Revenues	$ 5,673,451	$ 50,533	$ -	$ 5,723,984
Depreciation and amortization	897,219	1,759,279	81,667	2,738,165
Share based compensation	1,040,701	225,896	2,468,421	3,735,018
Segment operating loss	(5,805,596)	(3,377,911)	(2,539,971)	(11,723,478)
Nine months ended March 31, 2021				
Revenues	$ 9,557,850	$ 6,494,618	$ -	$ 16,052,468
Depreciation and amortization	1,298,466	4,439,383	267,839	6,005,688
Share based compensation	1,009,110	370,800	5,614,282	6,994,192
Segment operating loss	(12,980,875)	(4,990,658)	(6,678,561)	(24,650,094)
Nine months ended March 31, 2020				
Revenues	$ 21,147,347	$ 172,535	$ -	$ 21,319,882
Depreciation and amortization	2,734,087	5,147,127	242,270	8,123,484
Share based compensation	3,955,032	930,350	8,478,305	13,363,687
Segment operating loss	(19,285,305)	(9,833,261)	(9,244,488)	(38,343,054)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2021	2020	2021	2020
Total operating loss for reportable segments	$ (1,947,470)	$ (9,183,507)	$ (17,971,533)	$ (29,118,566)
Unallocated amounts:				
Unallocated Corporate	(1,286,294)	(2,539,971)	(6,678,561)	(9,224,488)
Other income (loss)	(4,164,308)	(751,568)	(5,370,473)	(17,511,338)
Loss before income taxes	$ (7,398,072)	$ (12,475,046)	$ (30,020,567)	$ (55,854,392)

Total assets	As of March 31, 2021	As of June 30, 2020
HCT/Ps	$ 2,769,532	$ 11,980,175
Diagnostics and therapeutics	63,253,857	70,394,152
Unallocated corporate	935,188	1,468,088
Total assets	$ 66,958,577	$ 83,842,415

BASIS OF PRESENTATION:

The accompanying condensed consolidated financial statements have been prepared by Predictive Technology Group, Inc. (the "Company" or "Predictive") in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for financial information and pursuant to the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the accompanying financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly all financial statements in accordance with U.S. GAAP.

The condensed consolidated financial statements herein should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 2020, included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2020. Operating results for the three and nine months ended March 31, 2021 may not necessarily be indicative of results to be expected for any other interim period or for the full fiscal year.

Fiscal Year End

The Company operates on a fiscal year basis with the fiscal year ending on June 30.

Consolidation

These condensed consolidated financial statements include the financial statements of Predictive Technology Group, Inc. and its wholly owned subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation.

Going Concern

The accompanying financial statements have been prepared under the assumption that the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts of liabilities that may result from any inability of the Company to continue as a going concern within one year from the date of issuance of these financial statements.

The Company incurred a net loss attributable to common shareholders of $29,952,038 and net cash outflows from operations of $6,338,675 for the nine months ended March 31, 2021. At March 31, 2021, the Company had $151,993 of cash and negative working capital of $21,788,457. The Company's historical and current use of cash in operations combined with limited liquidity resources raise substantial doubt regarding the Company's ability to continue as a going concern. Management may seek additional capital through debt financings, collaborative or other funding arrangements with partners, or through other sources of financing. Should the Company seek additional financing from outside sources, the Company may not be able to raise such financing on terms acceptable to the Company or at all. If the Company is unable to raise additional capital when required or on acceptable terms, this could have a material adverse effect on liquidity. In such a case, the Company may be required to scale back or to discontinue the promotion of currently available products, scale back or discontinue the advancement of product candidates, reduce headcount, file for bankruptcy, reorganize, merge with another entity, or cease operations.

Cash Equivalents

The Company considers all highly-liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. The Company places its temporary cash investments with high-quality financial institutions.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are primarily comprised of amounts due from sales of the Company's HCT/P products that are recorded at the invoiced amount, and deposits in transit from credit card processors. The allowance for doubtful accounts is based on the Company's best estimate of the amount of probable losses in the Company's existing accounts receivable, which is based on historical write-off experience, customer creditworthiness, facts and circumstances specific to outstanding balances, and payment terms. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers and does not require collateral.

Inventory

Inventory consists primarily of HCT/Ps produced by Predictive Biotech, Inc. ("Predictive Biotech"), a wholly owned subsidiary and laboratory supplies used in genetic testing performed by Predictive Laboratories, Inc. ("Predictive Labs"). We value inventory at the lower of cost or net realizable value. We determine the cost of inventory using the standard cost method, which approximates actual cost based on a first-in, first-out method. All other costs, including administrative costs, are expensed as incurred.

We analyze our inventory levels at least quarterly and write down inventory that has a cost basis in excess of its expected net realizable value, or that is considered in excess of normal operating levels, as determined by management. We also reserve for the quantity of quarantined (WIP) inventory that is not expected to pass quality control based on historical averages. The related costs are recognized as cost of goods sold in the condensed consolidated statements of operations.

Prepaid Expenses

Amounts paid in advance for expenses are accounted for as prepaid expenses and classified as current assets if such amounts are to be recognized as expense within one year from the balance sheet date.

Property and Equipment

Lab equipment, furniture and computer equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the lesser of estimated useful lives of the related assets or the underlying lease term. Lab equipment items have depreciable lives of 5 years, furniture items have depreciable lives of 7 years, and computer equipment items have depreciable lives of 5 years. Repair and maintenance costs are charged to expense as incurred. Amortization of assets recorded under finance leases is included in depreciation expense.

The Company reviews property and equipment for impairment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows the assets are expected to generate. If property and equipment are impaired, the impairment to be recognized equals the amount by which the carrying value of the assets exceeds its fair market value.

Leases

We have entered into operating and finance lease agreements primarily for office and laboratory facilities and laboratory equipment located in Salt Lake City, Utah with lease periods expiring between 2021 and 2023.

We determine if an arrangement is a lease at inception. For all classes of underlying assets, we elect not to recognize right of use assets or lease liabilities when a lease has a lease term of 12 months or less at the commencement date and does not include an option to purchase the underlying asset that we are reasonably certain to exercise. Operating lease assets and liabilities are included on our condensed consolidated balance sheet beginning July 1, 2019. Finance lease assets are included in property and equipment, net.

Operating lease assets and liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value of the future lease payments is our incremental borrowing rate, because the interest rate implicit in most of our leases is not readily determinable. Our incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments, and in economic environments where the leased asset is located. Operating lease assets also include any prepaid lease payments and lease incentives. Our lease terms include periods under options to extend or terminate the lease when it is reasonably certain that we will exercise that option. We generally use the base, non-cancelable, lease term when determining the lease assets and liabilities. Operating lease expense is recognized on a straight-line basis over the lease term.

Our lease agreements generally contain lease and non-lease components. Non-lease components primarily include payments for maintenance and utilities. We combine fixed payments for non-lease components with our lease payments and account for them together.

Intangible Assets and Other Long-Lived Assets

Intangible and other long-lived assets are comprised of acquired patents, licenses, trade secrets and other intellectual property. Acquired intangible assets are recorded at fair value and amortized over the shorter of the contractual life or the estimated useful life.

The Company reviews definite-lived intangible assets for impairment. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of their carrying amounts to future undiscounted cash flows the assets are expected to generate. If identifiable intangibles are considered to be impaired, the impairment to be recognized equals the amount by which the carrying value of the assets exceeds its fair market value.

Indefinite-lived intangible assets not subject to amortization are reviewed for impairment annually, typically at the beginning of the fourth fiscal quarter, or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Such events and circumstances may include sweeping regulatory changes, shifts in market demand that would negatively impact revenue, overall industry deterioration, dramatic increase in the number of competitors, rapidly increasing costs related to production inputs, significant changes in Company management or Company strategy, or significant litigation. The Company first assesses qualitative factors above to determine whether it is necessary to perform the quantitative impairment test to identify any impairment loss. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated future undiscounted net cash flows, or fair value, of the related asset or group of assets over their remaining lives.

As of June 30, 2020, the Company had identified indicators of impairment for certain of its long-lived assets and performed an impairment test related to those long-lived assets. An impairment charge of $10,041,556 was recorded related to assets acquired with Regenerative Medical Technologies, Inc. (see Note 3).

In October 2020, the Company stopped selling its CoreCyte product in connection with the decision to accelerate the Company's previously existing plan to file an Investigational New Drug (IND) application for CoreCyte with the FDA. The Company submitted documentation to begin the process of filing the IND on October 30, 2020, in which CoreCyte is indicated for the treatment of osteoarthritis of the knee. On December 29, 2020, the FDA completed the Pre-IND meeting. The Company is in the process of completing its IND application and submitting to the FDA. As the sequence of events that led to this decision began with the receipt of a Warning Letter from the FDA in August 2020, it was determined that the decision to stop selling CoreCyte was an indicator of impairment as of September 30, 2020. Impairment charges of $0 and $1,760,875 were recognized related to the trade secrets in the HCT/P segment in the three and nine months ended March 31, 2021, respectively (see Note 3). There were no impairments for the three and nine months ended March 31, 2020.

Additional delays in the commercial launch of the Company's diagnostic products such as those that may result from a prolongation of the COVID-19 pandemic would adversely affect our business and potentially lead to additional impairment charges in the future.

Certain of the Company's patents are currently subject to litigation (see Note 11) to determine whether the seller of the patents had faithfully represented the nature of their ownership of patents that were sold to the Company. The seller of the patents represented that all rights, title, and interest to the patents was transferred to the Company as part of the sale. However, the Company and its patent counsel have identified information in the US Patent and Trademark Office's (USPTO's) registry that calls into question whether the seller of the patents had all rights, title, and interest in the patents when they were sold to the Company. The Company raised these concerns with the seller of the patents but was unable to secure clear and satisfactory proof on a voluntary basis. These patents have a carrying value of $5,546,160 on our unaudited condensed consolidated balance sheet as of March 31, 2021. While there is some question as to whether the Company has full title to these patents, we believe that we have at least partial ownership and can develop products based on the patents.

Revenue Recognition

We derive our revenue primarily from two sources. One source is the sales of HCT/P products to clinicians. The majority of our contracts with customers have a single performance obligation, and all of our contracts with customers have a duration of less than one year. Revenue is recognized when control of the product passes to the customer, typically upon confirmation of delivery of the product to the customer. As our products must remain frozen during transit, we typically ship our products overnight. Revenue is recognized in an amount that reflects the expected consideration to be received in exchange for such goods or services. As such, customer orders are recorded as deferred revenue prior to delivery of products or services ordered.

The other source of revenue is from the sale of our Assurance VR™ COVID-19 RT-PCR test. Our contracts with customers have a single performance obligation, and all of our contracts with customers have a duration of less than one year. Revenue is recognized when control of the testing service has passed to the customer, typically when we report a valid test result to the customer, which is done electronically. Revenue is recognized in an amount that reflects the expected consideration to be received in exchange for test results.

Generally, we require authorization from a credit card or verification of receipt of payment before we ship products to customers for HCT/P related revenues. From time to time, we grant credit to these customers with normal credit terms (typically 30 days). For Assurance VR™ COVID-19 RT-PCR test related revenues we typically send an invoice the same or next day once valid test results have been sent electronically. Payment terms are based on normal credit terms (typically 10 to 30 days). We do not recognize assets associated with costs to obtain or fulfill a contract with a customer, as the amortization period for any such costs if capitalized would be one year or less.

Shipping and handling is considered a fulfillment activity, as it takes place prior to the customer obtaining control of the product, and fees charged to customers are included in net revenue upon completion of our performance obligation. Shipping and handling expenses are included in cost of sales. We present revenue net of sales taxes, discounts, and expected returns.

Goodwill

In October 2020, the Company stopped selling its CoreCyte product in connection with the decision to accelerate the Company's previously existing plan to file an IND application for CoreCyte with the FDA. The Company submitted documentation to begin the process of filing the IND on October 30, 2020, in which CoreCyte is indicated for the treatment of osteoarthritis of the knee. On December 29, 2020, the FDA completed the Pre-IND meeting. The Company is in the process of completing its IND application and submitting to the FDA. As the sequence of events that led to this decision began with the receipt of a Warning Letter from the FDA in August 2020, it was determined that the decision to stop selling CoreCyte was an indicator of impairment as of September 30, 2020. Impairment charges of $0 and $5,254,451 were recognized related to the goodwill in the HCT/P segment in the three and nine months ended March 31, 2021, respectively (see Note 3). There were no impairment charges for the three and nine months ended March 31, 2020.

Equity Method Investment

We apply the equity method of accounting for investments in which we have significant influence but not a controlling interest. The Company reviews equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable in accordance with generally accepted accounting principles. This determination requires significant judgment. In making this judgment, the Company considers available quantitative and qualitative evidence in evaluating potential impairment of these investments. If it is determined that an indicator of impairment exists, the Company assesses whether the carrying value exceeds the fair value of the asset. If the carrying value of the investment exceeds its fair value, the Company will evaluate, among other factors, general market conditions, the duration and extent to which the carrying value is greater than the fair value, and the Company's intent and ability to hold, or plans to sell, the investment. The Company also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, and operational and financing cash flow factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge will be recorded and a new carrying basis in the investment will be established. The Company recorded impairment charges totaling $37,907,283 related to our equity method investment in Juneau Biosciences, LLC for the year ended June 30, 2020 (see Note 4). There were no impairments for the three and nine months ended March 31, 2021. The Company recorded an impairment loss of $0 and $15,932,106 for the three and nine months ended March 31, 2020, respectively.

Paycheck Protection Program Loan

On May 6, 2020, the Company received loan proceeds of $1,665,985 under the Paycheck Protection Program ("PPP") under a promissory note from a commercial bank (the "PPP Loan"). On February 11, 2021 the Company received additional loan proceeds of $1,665,980 under the PPP under a new promissory note from a commercial bank (the "PPP Second Loan"). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. As amended, the CARES act provides that the loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The PPP Loans are included in notes payable in the condensed consolidated balance sheets. Should all or part of the PPP Loans be forgiven, the amount forgiven will be derecognized through other income in the period when forgiveness is granted by the governing authority.

Deferred Revenue

We recognize a contract liability when customer payment precedes the completion of our performance obligations. The following table provides information about deferred revenue from contracts with customers, including significant changes in deferred revenue balances during the period.

	Nine Months Ended March 31,	
	2021	**2020**
Deferred revenue – beginning balance	$ 381,889	$ 469,376
Increase due to deferral of revenue at period end	566,622	286,991
Decrease due to beginning contract liabilities recognized as revenue	(381,889)	(469,376)
Deferred revenue – ending balance	$ 566,622	$ 286,991

Research and Product Development Costs

The Company expenses research and product development costs as incurred.

Product Liability and Warranty Costs

The Company maintains product liability insurance and has not experienced any related claims from its product offerings. The Company also offers a warranty to customers providing that its products will be delivered free of any material defects. There have been no material costs incurred since inception based on estimated return rates. The Company reviews the adequacy of its accrual on a quarterly basis.

Share-Based Compensation

The Company issues share-based compensation awards in the form of stock option grants. We use the Black-Scholes-Merton option pricing model to estimate the fair value of options granted under our equity incentive plans. The Black-Scholes-Merton option valuation model requires the use of assumptions, including the expected term of the award and the expected share price volatility. The Company uses the "simplified" method to estimate the expected option term. Stock-based compensation is measured at the grant date for all stock-based awards made to employees and non-employees based on the fair value of the awards. Stock-based compensation is recognized as expense on a straight-line basis over the requisite service period, which is generally the vesting period.

The estimated fair value of performance-contingent equity awards is expensed using an accelerated method over the term of the award once we have determined that it is probable that performance milestones will be achieved. Compensation expense for equity awards that contain performance conditions is based on the grant date fair value of the award. Compensation expense is recorded over the requisite service period based on management's best estimate as to whether it is probable that the shares awarded are expected to vest. We assess the probability of the performance milestones being met on a continuous basis.

Income Taxes

In order to determine the Company's quarterly provision for income taxes, the Company uses an estimated annual effective tax rate that is based on expected annual income and applicable federal and state tax rates. Deferred tax assets and liabilities are recorded to reflect the future tax consequences attributable to the effects of differences between the carrying amounts of existing assets and liabilities for financial reporting and for income tax purposes. Deferred taxes are calculated by applying enacted statutory tax rates and tax laws to future years in which temporary differences are expected to reverse. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the rate change is enacted.

Other Comprehensive Loss

Comprehensive loss is comprised of net loss and other comprehensive loss. Other comprehensive loss is equal to net loss for the three and nine months ended March 31, 2021 and 2020.

Measurement of Fair Value

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined in the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market-based inputs or inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

During the three and nine months ended March 31, 2021 and 2020, we did not have any remeasurements of non-financial assets measured at fair value on a non-recurring basis subsequent to their initial recognition.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Key estimates in the accompanying unaudited condensed consolidated financial statements include, among others, revenue recognition, allowances for doubtful accounts and product returns, provisions for obsolete inventory, valuation of long-lived assets, and deferred income tax asset valuation allowances. Actual results could differ materially from these estimates.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326)" which introduces new guidance for the accounting for credit losses on instruments within its scope. The new guidance, as amended by subsequent ASUs, introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. For trade receivables, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. For public business entities that meet the definition of a U.S. Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. Application of the amendments is through a cumulative-effect adjustment to retained earnings as of the effective date. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" (ASU 2019-12), which eliminates certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. This ASU also includes guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. ASU 2019-12 is effective for annual and interim periods in fiscal years beginning after December 15, 2020. Early adoption is permitted. The Company is currently assessing the impact of ASU 2019-12 on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity". This ASU simplifies accounting for convertible instruments by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share calculation in certain areas. This ASU is effective for public business entities that meet the definition of a SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the standard will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption will be permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements but does not expect the impact to be material.

NOTE 2 PROPERTY AND EQUIPMENT, NET

The composition of property and equipment is as follows:

	As of March 31, 2021	As of June 30, 2020
Computer equipment	$ 777,166	$ 759,192
Furniture	230,747	230,747
Lab equipment	2,463,015	2,215,409
Software	1,008,713	1,006,215
Leasehold improvements	1,006,215	1,008,713
Other fixed assets in progress	18,943	91,195
Lab equipment subject to finance lease	2,487,668	2,774,907
Total property and equipment	7,992,467	8,086,378
Accumulated depreciation and amortization	(3,004,461)	(2,002,744)
Accumulated amortization– leased assets	(1,210,055)	(758,535)
Property and equipment, net	$ 3,777,951	$ 5,305,099

Depreciation and amortization expense for the three-month periods ended March 31, 2021 and 2020 was $555,012 and $510,473, respectively. Depreciation and amortization expense for the nine-month periods ended March 31, 2021 and 2020 was $1,630,045 and $1,439,074, respectively.

NOTE 3 GOODWILL & INTANGIBLE ASSETS

	Carrying Amount	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (Years)
At March 31, 2021:				
Licenses	$ 21,337,981	$ (6,819,303)	$ 14,518,678	7.3
Patents	9,750,000	(4,206,840)	5,546,160	7.3
Trade Secrets	32,547,380	(7,320,836)	25,226,544	10.3
Other	411,000	(156,152)	254,848	9.4
Goodwill	-	N/A	-	N/A
Total intangible assets	$ 64,046,361	$ (18,500,131)	$ 45,546,230	8.8

	Carrying Amount	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (Years)
At June 30, 2020:				
Licenses	$ 21,337,981	$ (5,273,253)	$ 16,064,728	8.0
Patents	9,750,000	(3,664,215)	6,085,785	8.0
Trade Secrets	46,634,380	(17,397,933)	29,236,447	7.9
Other	411,000	(115,212)	295,788	10.0
Goodwill	5,254,451	N/A	5,254,451	N/A
Total intangible assets	$ 83,387,812	$ (26,450,613)	$ 56,937,199	8.0

Estimated future amortization expense related to intangible assets consists of the following as of March 31, 2021:

Year Ending June 30,	Amount
2021	$ 1,215,035
2022	4,860,141
2023	4,860,141
2024	4,860,141
2025	4,860,141
Thereafter	24,890,631
Total	$ 45,546,230

Total amortization expense for the three months ended March 31, 2021 and 2020 was $1,215,031 and $2,227,692 respectively. Total amortization expense for the nine months ended March 31, 2021 and 2020 was $4,375,643 and $6,684,410 respectively.

Impairment of Trade Secrets

As of June 30, 2020, the Company identified indicators of impairment related to the assets acquired with Regenerative Medical Technologies, Inc. Specifically, development of the assets acquired has proceeded significantly more slowly than originally planned due to the departure of key personnel and related difficulties in obtaining patient consent required to use the acquired assets in the Company's research activities. The Company determined the fair value of the assets acquired to be $334,000 using the cost to recreate method, which resulted in an impairment charge of $10,041,556 for the year ended June 30, 2020. This valuation approach uses inputs that qualify as Level 3 in the fair value hierarchy. The impaired assets and the related impairment charge are included in the Diagnostics and Therapeutics segment.

In October 2020, the Company stopped selling its CoreCyte product in connection with the decision to accelerate the Company's previously existing plan to file an IND application for CoreCyte with the FDA. The Company submitted documentation to begin the process of filing the IND on October 30, 2020 in which CoreCyte is indicated for the treatment of osteoarthritis of the knee. On December 29, 2020, the FDA completed the Pre-IND meeting. The Company is in the process of completing its IND application and submitting to the FDA. As the sequence of events that led to this decision began with the receipt of a Warning Letter from the FDA in August 2020, it was determined that the decision to stop selling CoreCyte was an indicator of impairment as of September 30, 2020. The Company estimated the fair value of the reporting unit using the discounted cash flow method, as the forecasted cash flows during the remaining economic life of the trade secrets (less than one year) were forecasted to be negative. This valuation approach uses inputs that qualify as Level 3 in the fair value hierarchy. As a result, impairment charges of $0 and $1,760,875 were recognized related to the trade secrets in the HCT/P segment in loss on impairment in the condensed consolidated statement of operations and comprehensive loss for the three and nine months ended March 31, 2021, respectively. There were no impairment charges for the three and nine months ended March 31, 2020.

Endometriosis license

On December 28, 2016, Predictive Therapeutics and Juneau amended and restated the license agreement dated July 9, 2015. The license granted the Company the right to market the Company's diagnostic testing products in the field of fertility and use the patents underlying those products. The license was subsequently amended in March 2018 to expand the scope of the license to include the entire field of endometriosis and pelvic pain. The term of the license is equal to the life of the licensed patents.

An additional license fee of $2,000,000 is due and payable once the Company has received profits of $25,000,000 related to the intellectual property licensed under the agreement.

Under the license, as amended, (i) upon the commercial sale of the rights to the ARTguide™ or a license thereof we are required to issue to Juneau common stock with a market value of $2,500,000, (ii) Juneau receives a royalty of 50% of net profits as defined in the license agreement, (iii) we must have minimum sales of $12.5 million in the twelve month period beginning nine months after commercial launch, (iv) during the second year following launch we must have minimum sales of $30 million, and (v) during the third year following launch and each year thereafter we must have minimum annual sales of $60 million. If we fail to meet these metrics the license is null and void unless Predictive (a) presents a written plan to Juneau describing how Predictive will use reasonable commercial efforts to improve sales and (b) Predictive agrees to spend an amount equal to the difference between the projected minimum sales and actual sales on an enhanced sales and marketing effort over the next year.

Companion diagnostic license

In addition to the license for the commercialization of assays and related services for the prognosis and monitoring of endometriosis in the infertility market, the Company entered into a license agreement with Juneau to use the assay as a companion diagnostic test in conjunction with endometriosis therapeutics that may be developed from intellectual property owned by the Company and Juneau. This license agreement was amended and restated on August 1, 2016.

The agreement initially required a $250,000 license fee which was paid during 2013 and 2014. A subsequent milestone payment of 250,000 shares of Company stock was paid to Juneau on October 19, 2016. If FDA approval is granted on any companion diagnostic test, a final milestone payment of $250,000 is due.

The agreement requires a 2% royalty to be paid to Juneau on the sale of patented therapeutic products specifically covered by the agreement. The Company amortizes the licenses over the life of the underlying patent.

Goodwill

The Company recorded goodwill of $5,254,451 from the acquisition of Predictive Biotech, Inc. (formerly Renovo Biotech, Inc.) that was completed on March 28, 2016.

In October 2020, the Company stopped selling its CoreCyte product in connection with the decision to accelerate the Company's previously existing plan to file an IND application for CoreCyte with the FDA. The Company submitted documentation to begin the process of filing the IND on October 30, 2020, in which CoreCyte is indicated for the treatment of osteoarthritis of the knee. On December 29, 2020, the FDA completed the Pre-IND meeting. The Company is in the process of completing its IND application and submitting to the FDA. As the sequence of events that led to this decision began with the receipt of a Warning Letter from the FDA in August 2020, it was determined that the decision to stop selling CoreCyte was an indicator of impairment as of September 30, 2020. The Company estimated the fair value of the reporting unit using the discounted cash flow method. This valuation approach uses inputs that qualify as Level 3 in the fair value hierarchy. The fair value of the reporting unit was determined to have fallen below its carrying value, which resulted in impairment charges of $0 and $5,254,451 that were recognized in the HCT/P segment in loss on impairment in the condensed consolidated statement of operations and comprehensive loss for the three and nine months ended March 31, 2021, respectively. There were no impairments of goodwill for the three and nine months ended March 31, 2020.

Changes in the goodwill balance during the nine months ended March 31, 2021 were as follows.

	Goodwill	Accumulated Impairment Losses
As of June 30, 2020	$ 5,254,451	$ -
Impairment of Goodwill	-	(5,254,451)
As of March 31, 2021	$ 5,254,451	$ (5,254,451)

NOTE 4 EQUITY METHOD INVESTMENT

Juneau Biosciences, LLC

The Company's investment in Juneau is accounted for under the equity method. The following table summarizes the investment:

	As of March 31, 2021	As of June 30, 2020
Carrying amount	$ 8,271,959	$ 12,731,383
Ownership percentage	48.3%	48.3%

In December 2017, the Company and Juneau reached verbal agreement on a stock subscription arrangement. The Company agreed to purchase 15,681,818 Class A Units of Juneau at a price of $1.10 per unit. In early 2018, the terms were finalized and memorialized in a subscription agreement executed by the Company and Juneau. Under the terms of the agreement (as amended), the subscription is to be paid in installments through September 30, 2021. The Company has the option to cancel the subscription. If this option is exercised, any units of Juneau issued to the Company but not paid will be cancelled. The agreement includes certain restrictions on the use of funds provided under the subscription agreement and grants the Company the right to appoint a minority of Juneau's Board of Managers. Should the Company elect not to fund the entire subscription, Juneau's obligations to the Company that are not related to the license agreements (see Note 3) will terminate.

On September 25, 2019, the Company and Juneau executed an amendment to the subscription agreement. The amendment reduced the total number of Class A Units purchased to 13,000,000 and changed the schedule of payments due under the subscription agreement. In addition, a receivable due from Juneau in the amount of $184,443 was applied to the subscription payable balance.

On February 10, 2020, the Company and Juneau Biosciences, LLC, its equity method investee, executed an amendment to the agreement captioned "Third Amended and Restated Subscription Agreement." Under the terms of the agreement, the Company issued common stock, par value $0.001, with a value of $2,430,000 (the "Equity Payment") based on the closing market price on the agreement date that was applied against the subscription payable. The amendment also changed the schedule of cash payments due under the subscription agreement to purchase units of Juneau. The schedule of payments due as of March 31, 2021 under the amended agreement is as follows:

Year Ending June 30	Amount
2021	$ 5,150,000
2022	2,056,610
	$ 7,206,610

The Company is currently $3,610,000 in arrears on payment on the subscription. Should Juneau declare the Company in default and cancel the subscription, our unpaid units of Juneau would be cancelled.

Impairment

The Company reviews its equity method investment on a quarterly basis to determine whether a triggering event has occurred that could necessitate an impairment test. During the three months ended December 31, 2019, the Company's stock price declined from $1.67 per share to $0.73 per share, which was determined to qualify as a triggering event for impairment tests of our reporting units, intangible assets, and equity method investments. In addition, there had been delays in the commercialization of product licensed from Juneau. At June 30, 2020, the COVID-19 pandemic caused impediments to clinical research which are expected to further delay the commercialization of our genetic testing products. These factors triggered a second impairment test as of June 30, 2020.

For each of the impairment tests as of December 31, 2019 and June 30, 2020, we engaged a third-party valuation firm to assist us in determining whether the carrying value of our equity method investment had fallen below the carrying value. The valuations were performed using a combination of the cost approach, the income approach, and calibration of the fair values of the Company's operating segments and equity method investment to the Company's overall market capitalization. These valuation approaches use inputs that qualify as Level 3 in the fair value hierarchy. As a result of the valuation, it was determined that the fair value of our equity method investment had fallen to $35,329,167 at December 31, 2019, necessitating an impairment charge of $15,932,016 during the three months ended December 31, 2019. At June 30, 2020, it was determined that the fair value of our equity method investment had fallen to $12,731,383, necessitating a further impairment charge of $21,975,267. The total impairment charges of $37,907,283 are included in loss on equity method investment in the condensed consolidated statement of operations and comprehensive loss for the year ended June 30, 2020. The impairments were determined to be other than temporary based on the magnitude of the decline in fair value.

There were no impairments during the three and nine months ended March 31, 2021.

NOTE 5 ACCRUED LIABILITIES

Accrued liabilities at March 31, 2021 and June 30, 2020 were as follows:

	As of March 31, 2021	As of June 30, 2020
Employee compensation and benefits	$ 556,681	$ 1,493,484
Income tax payable	115,649	110,649
Customer deposit	5,000,000	5,000,000
Other	2,629,601	1,442,681
Total accrued liabilities	$ 8,301,931	$ 8,046,814

The customer deposit of $5,000,000 relates to a partial deposit received from the distributor of the Company's Assurance AB™ product. Under the terms of the agreement with the distributor, the purchase order may not be cancelled, and product may only be returned if damaged in transit or subject to a recall order. In an effort to expeditiously satisfy the Company's obligations under the agreement with the distributor, the Company paid the full amount of the partial deposit to the Company's U.S. supplier. The deposit paid to the supplier is included in other current assets on the condensed consolidated balance sheets. As of the date of this filing, the Company has withdrawn its original EUA application and has determined not to move forward with seeking the EUA application given changes in the market caused by adoption of other testing methods and the distribution of vaccinations in the United States. As of the date of the financial statements, no additional deposits have been made. The customer has requested a refund of the deposit. See further discussion in Note 11.

NOTE 6 DEBT

Notes payable were as follows:

	As of March 31, 2021	As of June 30, 2020
Promissory notes	$ 8,598,347	$ 3,305,234
Revolving line of credit	-	200,000
Paycheck Protection Program Loans	3,331,965	1,665,985
Total notes payable	$ 11,930,312	$ 5,171,219
Less: Current portion	(8,949,779)	(705,234)
Total long-term notes payable	$ 2,980,553	$ 4,465,985

Future maturities of notes payable are as follows:

Year Ending June 30	Amount
2021	5,010,442
2022	4,595,088
2023	1,381,847
2024	942,935
	$ 11,930,312

Promissory notes

As of March 31, 2021, unsecured promissory notes with a face value of $2,800,000 were outstanding. The notes bear 12% simple interest and mature from November 2021 to March 2022.

On June 4, 2020, trade payables due to a vendor in the amount of $705,234 were converted into an unsecured note payable due on November 15, 2020. The note bears interest at 3% per annum, increasing to 5% if the note is not paid when otherwise due. As of March 31, 2021 the note holder has increased the interest to 5% and has not declared the note as default.

In July and August 2020, the Company issued promissory notes to Prophase Labs, Inc. in the amount of $1,000,000. The notes bear interest at 15% per annum and mature on September 21, 2020. The notes are secured by the revenues arising from the Company's Assurance VR™ COVID-19 RT-PCR test.

On September 25, 2020, the Company and Prophase Labs, Inc. amended and restated the outstanding notes and increased the principal amount by $2,000,000 to a total of $3,000,000. The amended promissory note bears 15% simple interest. No payments on the amended promissory note are due until September 2021, at which time monthly payments equal to 1/36th of the outstanding principal and interest amount shall commence. Interest accruing prior to September 2021 will be added to the principal amount. Any remaining principal and interest shall be due on September 30, 2022. The amended promissory note is secured by the revenues arising from the Company's Assurance VR™ COVID-19 RT-PCR test and may be prepaid without penalty.

On January 14, 2021, the Company entered into an amended and restated Promissory Note and Security Agreement with Prophase Labs, Inc. This amendment modified the terms as described in Note 6 above. The Company received additional proceeds in the amount of $1,000,000, which raised the outstanding amount to $4,000,000, less $250,000, recognized as earned under the consulting agreement, for a total outstanding amount of $3,750,000. The amended promissory note bears 15% simple interest. Payments are to be made on a per test basis based on volume starting the 10th of the following month after recording a monthly sales volume, beginning March 10th for February sales. Payments will not exceed the aggregate amounts due on the note, and will be applied first to interest, then principal. No other payments are due on the promissory note until September 2021, at which time monthly payments equal to 1/36th of the outstanding principal and interest amount shall commence. If payments being made based on testing volume are greater, those will govern repayment. Unpaid interest accruing prior to September 2021 will be added to the principal amount. Any remaining principal and interest shall be due on September 30, 2022. The amended promissory note is secured by the revenues arising from the Company's Assurance VR™ COVID-19 RT-PCR test and may be prepaid without penalty.

On December 18, 2020, the Company issued a promissory note with a face value of $405,000. The note is secured by the revenues arising from the Company's Assurance VR™ COVID-19 RT-PCR test. The note bears interest at 5% per annum and matures sixty days from execution.

On March 4, 2021 the Company issued a convertible promissory note with a face value of $500,000. The note bears interest at 12% per annum, compounded annually, and matures on September 4, 2021. The note incurred closing costs of 10% of the face value of the note which is due on the maturity date. The closing costs may be paid in Company common stock or in cash at the sole election of the holder. The holder has the option to convert the principal balance and accrued interest of the note into unregistered shares of Company common stock at the conversion price of fifteen cents ($0.15) per share of common stock.

On March 15, 2021 the Company issued a promissory note with a face value of $575,000. The note bears interest at 10% per annum until the note has been paid in full. The note becomes due and payable on March 15, 2022.

Paycheck Protection Program Loan

On May 6, 2020, Company received PPP Loan proceeds of $1,665,985 under the PPP under a promissory note from a commercial bank. On February 11, 2021, the company received PPP Second Loan proceeds of $1,665,980 under the PPP under a new promissory note from a commercial bank. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The application for these funds requires the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. Some of the uncertainties related to the Company's operations that are directly related to COVID-19 include, but are not limited to, the severity of the virus, the duration of the outbreak, governmental, business or other actions (which could include limitations on operations or mandates to provide products or services), impacts on the supply chain, and the effect on customer demand or changes to operations. In addition, the health of the Company's workforce and its ability to meet staffing needs are uncertain and is vital to its operations.

The PPP Loan certification further requires the Company to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The Company has a lack of history of being able to access the capital markets. As a result, the Company believes it meets the certification requirements.

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

The term of the Company's first PPP Loan is two years and the term of the second PPP loan is five years. The annual interest rate on both PPP Loans is 1% and no payments of principal or interest are due during the six-month period beginning on the date of each PPP Loan. Both PPP Loans are subject to any new guidance and new requirements released by the Department of the Treasury.

Fair value

The fair value of the Company's outstanding debt obligations as of March 31, 2021 was $10,525,000, which was determined based on a discounted cash flow model using an estimated market rate of interest of 15.00%, which is classified as Level 2 within the fair value hierarchy.

NOTE 7 INCOME TAXES

The Company recognized income tax expense (benefit) of $21,660 and $1,257,868 for the three-month periods ended March 31, 2021 and 2020, respectively, and income tax expense (benefit) of $27,712 and ($8,190,327) for the nine-month periods ended March 31, 2021 and 2020, respectively. For the nine months ended March 31, 2021, no benefit from income taxes was recorded due to the Company being in a full valuation allowance position, resulting in an effective tax rate of 0.0%. The Company's recognized effective tax rate differs from the U.S. federal statutory rate for the nine months ended March 31, 2020 primarily due to state income taxes, share based compensation, excess tax benefits arising from the exercise of commons stock warrants during the period,as well as an increase in the valuation allowance on deferred tax assets.

NOTE 8 STOCKHOLDER'S EQUITY

The Company has issued various warrants exercisable for our common stock outside of the 2015 Stock Option Plan (see Note 10). The warrants were issued to raise capital, as compensation for acquisitions of intellectual property, and as compensation for services.

The following is a summary of warrant activity from June 30, 2020 through March 31, 2021:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)
Warrant:			
Outstanding June 30, 2020	53,093,520	$ 0.84	3.60
Granted	-	-	-
Exercised	-	-	-
Forfeited/ Cancelled	-	-	-
Outstanding March 31, 2021	53,093,520	$ 0.84	2.85

The Company recognizes expense for warrants issued for services that are subject to graded vesting on a straight-line basis. Share based compensation expense related to warrants issued for services for the three months ended March 31, 2021 and 2020 was $16,500 and $257,573, respectively. Share based compensation expense related to warrants issued for services for the nine months ended March 31, 2021 and 2020 was $474,691 and $3,508,957, respectively.

As of March 31, 2021, unrecognized compensation cost related to warrants issued for services was $49,500 and is expected to be recognized over a weighted average period of 0.83 years

NOTE 9 EARNINGS PER COMMON SHARE (EPS)

The computation of weighted average shares outstanding and the basic and diluted loss per common share for the following periods consisted of the following:

	Net Loss	Weighted Average Shares Outstanding	Per Share Amount
Three months ended March 31, 2021			
Basic and diluted EPS attributable to common shareholders	(7,387,173)	299,596,808	$ (0.02)
Three months ended March 31, 2020			
Basic and diluted EPS attributable to common shareholders	(13,700,980)	294,685,635	$ (0.05)
Nine months ended March 31, 2021			
Basic and diluted EPS attributable to common shareholders	(29,952,038)	299,596,808	$ (0.10)
Nine months ended March 31, 2020			
Basic and diluted EPS attributable to common shareholders	(47,568,256)	293,866,529	$ (0.16)

Potentially dilutive securities that would be excluded from the calculation of diluted net loss per common share because to include them would be anti-dilutive are as follows:

	As of March 31,	
	2021	**2020**
Warrants for common stock	53,093,520	52,993,520
Options for common stock	27,603,400	30,881,104
	80,696,920	83,874,624

NOTE 10 STOCK OPTION PLAN

In 2015, a Stock Option Plan was adopted to advance the interests of the Company and its shareholders by helping the Company obtain and retain the services of employees, officers, consultants, independent contractors and directors, upon whose judgment, initiative and efforts the Company is substantially dependent, and to provide those persons with further incentives to advance the interests of the Company. Eligible participants include employees, officers, certain consultants, or directors of the Company or its subsidiaries.

The number of shares, terms, and vesting periods are determined by the Company's Board of Directors or a committee thereof on an award-by-award basis. Awards provided under the Plan generally vest in three equal annual installments. The maximum term of options issued under the plan is 10 years from the date of grant. The aggregate number of shares of Option Stock that may be issued pursuant to the exercise of Options granted under this Plan will not exceed fifteen percent (15%) of the total outstanding shares of the Company's common stock. The Company settles exercises of stock option awards by issuing new shares. Forfeitures are recognized as they occur.

A summary of option activity is as follows for the nine months ended March 31, 2021:

	Number of shares		**Weighted average exercise price**
Options outstanding at June 30, 2020	30,014,704	$	1.47
Options granted	2,384,000		0.14
Less:			
Options exercised	-		-
Options canceled or expired	(4,795,304)		1.75
Options outstanding at March 31, 2021	27,603,400	$	1.30

Share based compensation expense related to options issued under the 2015 Plan for the three months ended March 31, 2021 and 2020 was $1,391,223 and $3,747,445, respectively, and for the nine months ended March 31, 2021 and 2020 was $6,519,501 and $9,854,730, respectively.

The Company recognizes expense for awards subject to graded vesting on a straight-line basis. As of March 31, 2021, there was $9,337,317 of total unrecognized share-based compensation expense related to stock options issued under the 2015 Stock Option Plan that will be recognized over a weighted-average period of 1.33 years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Licenses

The Company has commitments under license agreements which are described in Note 3.

Leases

On October 10, 2019, substantially all of the Company's operating leases of office and laboratory space were amended to extend the expiration dates of the leases to September 30, 2021. The Company also leased an additional 6,711 square feet of office and storage space that commenced on November 1, 2019 and expires on September 30, 2021.

In March 2019, the Company entered into finance leases of laboratory equipment. The validation process for the leased equipment was completed and payments commenced in October 2019. The leases expire in September 2023, at which time the Company has the option to purchase the leased equipment for one dollar.

The table below presents the future maturities of lease obligations under operating and finance leases:

Year Ending June 30,	Operating	Finance	Total
2021	$ 248,418	$ 185,199	$ 433,617
2022	246,888	740,798	987,686
2023	-	167,718	167,718
2024	-	-	-
2025	-	-	-
Total cash payments	495,306	1,093,715	1,589,021
Less: Imputed interest	(12,097)	(66,700)	(78,797)
Total lease liability	$ 483,209	$ 1,027,015	$ 1,510,224

Lease information for the three and nine months ended March 31, 2021 and 2020 is as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Lease cost		
Finance lease cost		
Amortization of right of use assets	$ 142,757	$ 172,812
Interest on lease liabilities	23,111	36,157
Operating lease cost	236,683	236,683
Short-term lease cost	810	900
Total lease cost	$ 403,361	$ 446,552
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 23,111	$ 81,058
Operating cash flows from operating leases	222,930	533,705
Financing cash flows from finance leases	292,320	341,306

	Nine Months Ended March 31, 2021	Nine Months Ended March 31, 2020
Lease cost		
Finance lease cost		
Amortization of right of use assets	$ 575,066	$ 518,436
Interest on lease liabilities	79,072	81,058
Operating lease cost	710,049	463,089
Short-term lease cost	9,549	65,687
Total lease cost	$ 1,373,736	$ 1,128,270
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 79,072	$ 81,058
Operating cash flows from operating leases	$ 654,138	$ 533,705
Financing cash flows from finance leases	$ 622,069	$ 341,306
Weighted average remaining lease term - finance leases (Years)	1.46	
Weighted average remaining lease term - operating leases (Years)	0.50	
Weighted average discount rate - finance leases	8.11%	
Weighted average discount rate - operating leases	8.63%	

Purchase commitments

In March 2019, in connection with the lease of laboratory equipment described above, the Company agreed to purchase a fixed quantity of the consumables used by the equipment for a total of $1,386,710. The Company is obligated to pay for the consumables in twelve fixed monthly installments beginning in October 2019. At March 31, 2021, the Company had taken delivery of consumables worth $93,909 in excess of the installment amounts paid. The amount due for goods that have been delivered is included in accrued liabilities on the condensed consolidated balance sheet. Remaining payments due under the purchase commitment total $577,795 during the year ending June 30, 2021.

Legal proceedings

On or about July 13, 2018, RTJ, LLC and two of its principals filed a lawsuit against Predictive Therapeutics LLC, Predictive Biotech, Inc., both subsidiaries of Predictive Technology Group, Inc., and Jack Turner, Jr., an employee of Predictive Biotech, Inc. The plaintiffs had acted in a distributor capacity. The relationship was terminated. Plaintiffs are alleging breach of contract, promissory estoppel, unjust enrichment, fraud, breach of fiduciary duty, defamation, false light, and tortious interference. Based on the information available to us, we do not believe any of the RTJ proceedings will have a material adverse effect on our business, results of operations, financial position, or liquidity. Further, we deny the allegations in the complaint, have not discovered any evidence of wrongdoing with respect to the allegations and will vigorously defend against these allegations.

On or about May 1, 2019, Surgenex, LLC and one of its principals filed a lawsuit against Predictive Therapeutics LLC, Predictive Biotech, Inc., both subsidiaries of Predictive Technology Group, Inc., and Doug Schmid, an employee of Predictive Biotech, Inc. In 2014 Surgenex contracted with Utah Cord Bank, Inc., a former employer of Doug Schmid, to assist Surgenex in doing work relating to allograft tissue. Schmid was later hired by Predictive Biotech, Inc. In connection with Schmid's employment with Predictive Biotech, Surgenex has filed a lawsuit alleging unjust enrichment, conspiracy, conversion, tortious interference with contractual and business relations, violations of trade secrets act, and other claims. Based on the information available to us, we do not believe the Surgenex proceedings will have a material adverse effect on our business, results of operations, financial position, or liquidity. Further, we deny the allegations in the complaint, have not discovered any evidence of wrongdoing with respect to the allegations and will vigorously defend against these allegations.

On or about July 12, 2019, Predictive Technology Group, Inc. and Predictive Therapeutics, LLC, a subsidiary of Predictive Technology Group, Inc. filed a lawsuit against Michael Schramm (Schramm). Schramm entered into an agreement to sell us certain patents and patent applications in consideration for equity securities. Schramm represented that he owned all rights, title, and interest in and to the intellectual property. We were subsequently advised by our patent counsel that, while the patents are registered with the US Patent and Trademark Office in the Company's name, the Company may not have a full interest in the patents. An unrelated third-party law firm placed a lien on the patents due to non-payment of legal fees by a third-party entity to whom certain assets were sold by another third-party entity that originally owned the patents. The Company raised these concerns with Schramm, who did not provide satisfactory evidence confirming that the Company had sole title to the patents. We sued Schramm for breach of contract, conversion and on other legal theories and are seeking, among other things, rescission of the purchase and sale transaction. While there is some question as to whether the Company has full title to these patents, we believe that we have at least partial ownership and can develop products based on the said patents. Schramm filed a counterclaim against us and Bradley C. Robinson, our Chief Executive Officer and Transfer Online, Inc., our transfer agent. Schramm is alleging he did not make any false representations. He is alleging, among other things, that various parties involved in the transaction committed breach of contract, conversion, violations of Nevada state law for failure to transfer securities, breach of fiduciary duty, tortious interference, and civil conspiracy. Based on the information available to us, we do not believe the Schramm proceedings will have a material adverse effect on our business, results of operations, financial position, or liquidity. Further, we deny the allegations in the counterclaim, have not discovered any evidence of wrongdoing with respect to the allegations in the counterclaim and will vigorously prosecute our claims against Schramm.

On or about March 18, 2020, Predictive Biotech, Inc. filed a lawsuit in the Utah District Court against Auxocell Laboratories, Inc. ("Auxocell") for breach of contract, product liability, breach of warranty, negligent misrepresentation and other claims relating to defects in laboratory equipment Auxocell sold to Predictive Biotech. Alleged damages include wasted umbilical cord tissue, lost inventory, costs associated with particulate testing, reputational injury, and related claims. On or about August 24, 2020, Auxocell answered the Complaint by denying the claims and asserting counterclaims of its own for breach of a confidentiality clause and failure to pay for devices. The Company answered and denied the counterclaims on December 14, 2020. Initial discovery has commenced and the current schedule has a fact discovery cut-off date of June 21, 2021. The litigation is still in discovery and as such we provide no opinion or assessment of the likely outcome of the litigation.

On or about November 11, 2020, Mackey Investment, LLLP ("Mackey") filed a lawsuit in Utah District Court against Predictive Technology Group, Inc and several officers of the Company. Mackey subscribed for and purchased 500,000 shares of Predictive common stock for $480,000 on or about January 29, 2020. Mackey was given all of the Company's SEC filings as part of his due diligence. Mackey is alleging that Predictive failed to disclose material information in connection with its investment and is alleging breach of contract, fraudulent inducement, violations of the Utah Uniform Securities Act, and conspiracy. The suit also seeks civil penalties and treble and punitive damages. The Company filed an answer denying the claims in the Complaint on or about December 4, 2020. Discovery has commenced, but we have not received discovery responses. We deny the allegations in the complaint and will vigorously defend against these allegations.

On or about April 30, 2020, Equitas Bio/Pharma Solutions, LLC ("Equitas") filed a lawsuit against Predictive Technology Group in New York District Court alleging nonpayment of "at least $551,080" in amounts owing under Master Service Agreement and Project Work Orders as of the date of filing. The claims are for breach of contract, breach of covenant of good faith and fair dealing and fraud. The basis of the fraud claim alleges that Predictive "made specific statements to Equitas that it was able to and intend to perform its obligations under the agreements" and at "the time Predictive made these promises it had no intention of keeping them." We agree that amounts are owed under the agreements, but we deny all allegations in the complaint relating to breach of covenant of good faith and fraud. Amounts due as of March 31, 2021 are included in accounts payable in the condensed consolidated balance sheets.

In June 2020, Wellgistics, LLC, the distributor of the Company's Assurance AB product, requested that the partial deposit paid on their non-cancellable purchase order of $5 million (see Note 5) be returned. As the purchase order is contractually non-cancellable and the Company performed on the order in good faith by transmitting the deposit to the Company's supplier, the request to return the deposit was not honored. To date there has been no legal action taken by either party.

As of March 31, 2021, we did not record a liability related to these matters (other than amounts recorded in accounts payable as described above) as it was determined that an unfavorable resolution is either not currently probable or that an amount or relevant range is not reasonably estimable, or both. However, litigation is inherently unpredictable and it is possible that losses may occur. Any unfavorable resolution of any of these matters could materially affect our condensed consolidated financial position, cash flows, or results of operations. All legal costs associated with litigation are expensed as incurred.

COVID-19

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19"), a respiratory illness first identified in Wuhan, China, a pandemic. The global spread of COVID-19 has created significant volatility, uncertainty, and economic disruption. Governments in affected regions have implemented, and may continue to implement, safety precautions which include quarantines, travel restrictions, business closures, cancellations of public gatherings and other measures as they deem necessary. Many organizations and individuals, including the Company and its employees, are taking additional steps to avoid or reduce infection, including limiting travel and working from home. These measures are disrupting normal business operations both in and outside of affected areas and have had significant negative impacts on businesses and financial markets worldwide.

The Company experienced operational and financial impacts from the COVID-19 pandemic beginning late in the third quarter of fiscal 2020, including the impact of stay-at-home mandates and related safety measures such as the delay of elective medical procedures, resulting in a decline in the volume of procedures using the Company's products.

The long- term severity of the material impact of the COVID-19 pandemic on the Company's business will continue to depend on a number of factors, including, but not limited to, the further duration and severity of the pandemic, including the effects of the new COVID-19 variants, and the continued extent and severity of the impact on the Company's customers and suppliers, all of which are uncertain and cannot be predicted. The impact of COVID-19 on the Company's results of operations and cash flows has been material and is expected to continue to be material for the remainder of this fiscal year. Given the dynamic nature of this situation, the Company is currently unable to accurately predict the impact of COVID-19 on its future operations and financial results or cash flows for the foreseeable future and whether the impact of COVID-19 could lead to potential impairments.

FDA Warning Letter

We received a Warning Letter from the FDA on August 17, 2020 regarding the marketing of our allograft product, CoreCyte. The letter alleges inappropriate marketing of CoreCyte as a treatment for COVID-19 and challenges the eligibility of CoreCyte for regulation under section 361 of the Public Health Service Act. Products regulated solely under section 361 of the Public Health Service Act do not require premarket approval. The Company is currently working with the FDA to address the concerns raised in the Warning Letter to the FDA's satisfaction. The Company believes that it has complied with all applicable regulations to date.

Past due payments

As of March 31, 2021, many of the Company's obligations were significantly past due. As a result, our creditors may have grounds to take adverse action against the Company, including but not limited to lawsuits and seizure of collateral. Any such actions taken by our creditors could have material adverse impact on our operations or financial condition.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2021, the date on which the financial statements were available to be issued.

In late April 2021, the FDA reaffirmed that its compliance and enforcement discretion policy for certain HCT/Ps would end on May 31, 2021, and will not be extended further. The Company is currently evaluating the impact of this announcement on its operations.

On May 10, 2021, the Company issued a convertible promissory note with a face value of $300,000. The note bears interest at 12% per annum, compounded annually, and matures on September 4, 2021. The note incurred closing costs of 10% of the face value of the note which is due on the maturity date. The closing costs may be paid in Company common stock or in cash at the sole election of the holder. The holder has the option to convert the principal balance and accrued interest of the note into unregistered shares of Company common stock at the conversion price of fifteen cents ($0.15) per share of common stock.

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

General

The following discussion and analysis should be read in conjunction with the audited Consolidated Financial Statements and accompanying notes thereto included in the Company's Annual Report on Form 10-K as of and for the fiscal year ended June 30, 2020. Unless otherwise noted, all of the financial information in this Report is consolidated financial information for the Company.

General

Predictive Technology Group, Inc., a Salt Lake City, UT life sciences company, is a leader in the use of data analytics for disease identification and subsequent therapeutic intervention through unique novel gene-based diagnostics, biotechnology treatments and companion therapeutics. Through its wholly owned subsidiaries, Predictive Biotech, Predictive Laboratories, and Predictive Therapeutics, the company focuses on clinical categories such as: Endometriosis, Degenerative Disc Disease and Human Cell and Tissue Products ("HCT/P"). In addition to Predictive Biotech's efforts to advance regenerative medicine, Predictive Laboratories is committed to assisting women in overcoming the devastating consequences of endometriosis via appropriate early-stage diagnosis and subsequent treatment. During the three and nine months ended March 31, 2021 we reported total revenues of $6,893,976 and $16,052,468, respectively. We reported net losses attributable to common shareholders of $7,387,173 and $29,952,038, resulting in net losses per common share of $(0.02) and $(0.10), respectively. During the three and nine months ended March 31, 2020 we reported total revenues of $5,723,984 and $21,319,882, respectively. We reported net losses attributable to common shareholders of $13,700,980 and $47,568,256 resulting in net losses per common share of $(0.05) and $(0.16), respectively.

Our business units have been aligned with how the Chief Operating Decision Maker reviews performance and makes decisions in managing the Company. The business units have been aggregated into two reportable segments: Human Cell and Tissues Products (HCT/Ps) and diagnostics and therapeutics. Predictive Biotech's HCT/Ps are processed in our FDA registered lab. Our minimally manipulated tissue products are prepared utilizing proprietary extraction methods that reduce the loss of important scaffolding, growth factor and general cytokines and are intended for homologous use. Predictive Laboratory's diagnostics and therapeutics uses data analytics for disease identification and subsequent therapeutic intervention through unique novel gene-based diagnostics, biotechnology treatments and companion therapeutics.

Results of Operations for the Three Months Ended March 31, 2021 and 2020

Revenue

	Three months ended March 31,		
	2021	**2020**	**Change**
HCT/P	$ 3,034,027	$ 5,673,451	$ (2,639,424)
Diagnostics and Therapeutics	3,859,949	50,533	3,809,416
Total	$ 6,893,976	$ 5,723,984	$ 1,169,992

Revenue in the HCT/P segment for the three months ended March 31, 2021 decreased by $2.6 million from $5.7 million for the three months ended March 31, 2020. The decrease is primarily due to the impact of the COVID-19 pandemic on our HCT/P sales, which has caused continued sales declines due to closure of customer clinics and reduced patient visits to those clinics that remain open. The decrease in HCT/P sales was partially offset by an increase in Diagnostics and Therapeutics sales primarily due to sales of COVID-19 testing and reporting services.

In October 2020, the Company notified the FDA that it had suspended sales of the CoreCyte allograft product pending the anticipated filing of an IND application with the FDA. CoreCyte represented 37.4% of the Company's sales for the nine months ended March 31, 2021. While commercial success cannot be guaranteed, the Company is executing its transition plan related to the CoreCyte IND application and expects to generate additional sales from new and existing products in the near term.

Revenue in the diagnostics and therapeutics segment for the three months ended March 31, 2021 increased by $3.8 million from $0.1 million due to the introduction of the Assurance VR COVID-19 RT-PCR viral test during the nine months ended March 31, 2021.

Cost of goods sold (Exclusive of Depreciation & Amortization)

	Three months ended March 31,		
Cost of goods sold	**2021**	**2020**	**Change**
HCT/P	$ 1,293,365	$ 4,237,824	$ (2,944,459)
Diagnostics and Therapeutics	1,624,263	-	1,624,263
Total	$ 2,917,628	$ 4,237,824	$ (1,320,196)
Cost of goods sold as a % of sales			
HCT/P	42.6%	74.7%	
Diagnostics and Therapeutics	42.1%	-%	

Cost of goods sold in the HCT/P segment for the three months ended March 31, 2021 decreased to $1.3 million from $4.2 million for the three months ended March 31, 2020. Approximately $1.4 million of decrease is due to decreased sales. The remaining decreases are primarily comprised of $1.0 million in scrap expense, $0.3 million in personnel costs, and $0.2 million in freight for the 3 months ended March 31, 2020.

Cost of goods sold in the diagnostics and therapeutics segment for the three months ended March 31, 2021 increased to $1.6 million from zero due to the introduction of the Assurance VR COVID-19 RT-PCR viral test during the nine months ended March 31, 2021. The profitability of the COVID-19 testing business is sensitive to testing volume, with higher marginal profitability per unit after fixed costs are covered.

Selling and marketing expenses

	Three months ended March 31,		
	2021	**2020**	**Change**
Selling and marketing expense	$ 1,000,474	$ 2,002,394	$ (1,001,920)
Selling and marketing expense as a % of sales	14.5%	35.0%	

Selling and marketing expenses for the three months ended March 31, 2021 decreased to $1.0 million from $2.0 million for the three months ended March 31, 2021. The decrease is due to decreases in personnel costs of $0.5 million, commissions expense of $0.4 million, and stock-based compensation of $0.1 million.

General and Administrative Expenses

	Three months ended March 31,		
	2021	**2020**	**Change**
General and administrative expense	$ 4,212,145	$ 6,343,658	$ (2,131,513)
General and administrative expense as a % of sales	61.1%	110.8%	

General and administrative expenses for the three months ended March 31, 2021 decreased to $4.2 million from $6.3 million for the three months ended March 31, 2021. Approximately $2.0 million of the decrease is due to decreased share-based compensation expenses with the remainder due to decreases in personnel costs.

Research and Development Expenses

	Three months ended March 31,		
	2021	**2020**	**Change**
Research and development expense	$ 227,450	$ 2,125,421	$ (1,897,971)
Research and development expense as a % of sales	3.3%	37.1%	

Research and development expenses for the three months ended March 31, 2021 decreased to $0.2 million from $2.1 million for the three months ended March 31, 2021. Approximately $0.3 million of the decrease is due to decreased payroll expense, with the remainder driven by reallocation of resources previously used in R&D to perform the Assurance VR COVID-19 test.

Depreciation and amortization expense

	Three months ended March 31,		
	2021	**2020**	**Change**
Depreciation and amortization expense	$ 1,770,043	$ 2,738,165	$ (968,122)
Depreciation and amortization expense as a % of sales	25.7%	47.8%	

Depreciation and amortization expense decreased compared to the same period in the prior fiscal year primarily due to a decrease in our intangible asset portfolio arising from the impairment of RMT described in Note 3 to the accompanying condensed consolidated financial statements.

Other loss

	Three months ended March 31,		
	2021	2020	Change
Other loss	$ 4,164,308	$ 751,568	$ 3,412,740

Other loss for the three months ended March 31, 2021 increased to $4.2 million from $0.8 million for the three months ended March 31, 2021 due to a $3.1 million increase in the loss related to the equity method investment in Juneau Sciences and a 0.3 million increase in interest expense related to new debt.

Results of Operations for the Nine Months Ended March 31, 2021 and 2020

Revenue

	Nine months ended March 31,		
	2021	2020	Change
HCT/P	$ 9,557,850	$ 21,147,348	$ (11,589,498)
Diagnostics and Therapeutics	6,494,618	172,534	6,322,084
Total	$ 16,052,468	$ 21,319,882	$ (5,267,414)

Revenue in the HCT/P segment for the nine months ended March 31, 2021 decreased to $9.6 million from $21.1 million for the nine months ended March 31, 2020. The decrease is primarily due to the impact of the COVID-19 pandemic, which has caused continued sales declines due to closure of customer clinics and reduced patient visits to those clinics that remain open.

In October 2020, the Company notified the FDA that it had suspended sales of the CoreCyte allograft product pending the anticipated filing of an IND application with the FDA. CoreCyte represented 37.4% of the Company's sales for the nine months ended March 31, 2021. While commercial success cannot be guaranteed, the Company is executing its transition plan related to the CoreCyte IND application and expects to generate additional sales from new and existing products in the near term.

Revenue in the diagnostics and therapeutics segment for the nine months ended March 31, 2021 increased by $6.3 million from $0.2 million due to the introduction of the Assurance VR COVID-19 RT-PCR viral test during the nine months ended March 31, 2021.

Cost of goods sold (Exclusive of Depreciation & Amortization)

	Nine months ended March 31,		
Cost of goods sold	**2021**	**2020**	**Change**
HCT/P	$ 5,461,485	$ 17,260,070	$ (11,798,585)
Diagnostics and Therapeutics	3,749,972	-	3,749,972
Total	$ 9,211,457	$ 17,260,070	$ (8,048,613)
Cost of goods sold as a % of sales			
HCT/P	57.1%	81.0%	
Diagnostics and Therapeutics	57.7%	-%	

Cost of goods sold in the HCT/P segment for the nine months ended March 31, 2021 decreased to $5.5 million from $17.3 million for the nine months ended March 31, 2020. The change is primarily driven by a $6.6 million decrease caused by a decrease in sales and $4.9 million in scrap expense related to product that did not pass quality control during the nine months ended March 31, 2020. The remaining decreases resulted from decreased personnel costs and changes in production capacity.

Cost of goods sold in the diagnostics and therapeutics segment for the nine months ended March 31, 2021 increased to $3.7 million from zero due to the introduction of the Assurance VR COVID-19 RT-PCR viral test during the nine months ended March 31, 2021. The profitability of the COVID-19 testing business is sensitive to testing volume, with higher marginal profitability per unit after fixed costs are covered.

Selling and marketing expenses

	Nine months ended March 31,		
	2021	**2020**	**Change**
Selling and marketing expense	$ 2,934,428	$ 8,203,957	$ (5,269,529)
Selling and marketing expense as a % of sales	18.3%	38.5%	

Selling and marketing expenses for the nine months ended March 31, 2021 decreased to $2.9 million from $8.2 million for the nine months ended March 31, 2020. The decrease is due to decreases in personnel costs of $2.5 million, $0.9 million in operating expenses such as travel expense, third party service providers and a decrease in commissions expense of $1.8 million. The decreases in personnel costs resulted primarily from the April 2020 reduction in force.

General and Administrative Expenses

	Nine months ended March 31,		
	2021	**2020**	**Change**
General and administrative expense	$ 14,379,990	$ 19,757,304	$ (5,377,314)
General and administrative expense as a % of sales	89.6%	92.7%	

General and administrative expenses for the nine months ended March 31, 2021 decreased to $14.4 million from $19.8 million for the nine months ended March 31, 2020. Approximately $3.9 million of the decrease is due to decreased share-based compensation expenses. Personnel costs also decreased by $1.0 million. The decreases in personnel costs resulted primarily from the April 2020 reduction in force.

Research and Development Expenses

	Nine months ended March 31,		
	2021	**2020**	**Change**
Research and development expense	$ 1,155,673	$ 6,318,121	$ (5,162,448)
Research and development expense as a % of sales	7.2%	29.6%	

Research and development expenses for the nine months ended March 31, 2021 decreased to $1.2 million from $6.3 million for the nine months ended March 31, 2020. Approximately $0.5 million of the decrease is due to decreased share-based compensation expense, with the remainder driven by reallocation of resources previously used in R&D to perform the Assurance VR COVID-19 test.

Depreciation and amortization expense

	Nine months ended March 31,		
	2021	**2020**	**Change**
Depreciation and amortization expense	$ 6,005,688	$ 8,123,484	$ (2,117,796)
Depreciation and amortization expense as a % of sales	37.4%	38.1%	

Depreciation and amortization expense decreased compared to the same period in the prior fiscal year primarily due to a decrease in our intangible asset portfolio arising from the impairment of RMT described in Note 3 to the accompanying condensed consolidated financial statements.

Loss on impairment

	Nine months ended March 31,		
	2021	**2020**	**Change**
Loss on Impairment	$ 7,015,326	$ -	$ 7,015,326

Loss on impairment for the nine months ended March 31, 2021 increased to $7.0 million due to the impairment of $5.2 million in goodwill and $1.8 million in trade secrets in the HCT/P segment (see Note 3 to the accompanying condensed consolidated financial statements).

Other loss

	Nine months ended March 31,		
	2021	**2020**	**Change**
Other loss	$ 5,370,473	$ 17,511,338	$ (12,140,865)

Other loss for the nine months ended March 31, 2021 decreased to $5.4 million from $17.5 million for the nine months ended March 31, 2020. The decrease was primarily driven by the $15.9 million impairment charge recognized in December 2019 related to our equity method investment in Juneau Biosciences, LLC.

Liquidity and Capital Resources

The Company incurred a net loss attributable to common stockholders of $29,952,038 and net cash outflows from operations of $6,338,675 for the nine months ended March 31, 2021. At March 31, 2021, the Company had $151,993 of cash and negative working capital of $ 21,788,457. The Company's historical and current use of cash in operations combined with limited liquidity resources raise substantial doubt regarding the Company's ability to continue as a going concern. Management may seek additional capital through debt financings, collaborative or other funding arrangements with partners, sale of assets, or through other sources of financing. Should the Company seek additional financing from outside sources, the Company may not be able to raise such financing on terms acceptable to the Company or at all to mitigate the substantial doubt that exists. If the Company is unable to raise additional capital when required or on acceptable terms, this could have a material adverse effect on liquidity. In such a case, the Company may be required to scale back or to discontinue the promotion of currently available products, scale back or discontinue the advancement of product candidates, reduce headcount, file for bankruptcy, reorganize, merge with another entity, or cease operations.

Our capital deployment strategy focuses on use of resources in two key areas: research and development, and the commercialization of our HCT/Ps and diagnostic products. We believe that research and development provides the best return on invested capital. We also allocate capital for acquisitions that support our business strategy.

The following table represents the condensed consolidated cash flow statement:

	Nine months ended March 31,		
	2021	**2020**	**Change**
Cash used in operating activities	$ (6,338,675)	$ (12,066,359)	$ 5,727,684
Cash provided by investing activities	22,416	(1,024,136)	1,046,552
Cash provided by financing activities	6,137,024	11,678,694	(5,541,670)
Net decrease in cash and cash equivalents	(179,235)	(1,411,801)	
Cash and cash equivalents at the beginning of the period	331,228	1,618,244	
Cash and cash equivalents at the end of the period	$ 151,993	$ 206,443	

Cash Flows from Operating Activities

The decrease in cash used in operating activities for the nine months ended March 31, 2021 compared to the nine months ended March 31, 2020 was primarily due to decreases in cash paid to suppliers and employees as a result of reductions in production and production capacity made in response to decreasing sales and cash collections for Assurance VR COVID-19 tests performed.

Cash Flows from Investing Activities

The decrease in cash used in investing activities for the nine months ended March 31, 2021 compared to the nine months ended March 31, 2020 was primarily due to a decrease in cash paid for equity under our subscription agreement of $0.5 million and a net decrease in cash paid for capital expenditures of $0.3 million.

Cash Flows from Financing Activities

The decrease in cash provided by financing activities for the nine months ended March 31, 2021 compared to the nine months ended March 31, 2020 was primarily due to the receipt of $6.7 million in proceeds from the issuance of promissory notes compared to $11.5 million in proceeds from the issuance of promissory notes received during the nine months ending March 31, 2020.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, sales, or operating results during the periods presented.

Off-Balance Sheet Arrangements

We currently do not have any off-balance sheet arrangements or financing activities with special-purpose entities.

Critical Accounting Policies

Critical accounting policies are those policies which are both important to the presentation of a company's financial condition and results and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. There have been no recent significant changes to our accounting policies during the nine months ended March 31, 2021.

Other Events

On May 7, 2021, the Company entered into a strategic collaboration and development agreement (the "Agreement") with Nebula Genomics ("Nebula"). Under the terms of the agreement, the Company may offer Nebula products to its customers, including 30x whole genome sequencing testing, analytical tools, and other products, which are fulfilled by Nebula. The Company will have a revenue sharing agreement with Nebula for each product ordered by its customers.

Nebula will provide the Company with technologies and services to assist it in direct to consumer and clinical diagnostic markets in the areas of privacy technologies, such as block chain, and analytical tools. Nebula will provide access to its 30x whole genome sequencing capabilities. In addition, the Company and Nebula intend to pursue joint development of proprietary diagnostics by leveraging assets, expertise, and development platforms. These development activities will be governed by joint scientific advisory boards with representation from both companies.

Certain Factors That May Affect Future Results of Operations

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This Quarterly Report on Form 10-Q contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

All statements in this report, other than statements of historical fact, are forward-looking statements for purposes of these provisions, including any projections of earnings, revenues or other financial items, any statements of the plans and objectives of management for future operations, any statements concerning proposed new products or services, any statements regarding future economic conditions or performance, and any statements of assumptions underlying any of the foregoing. All forward-looking statements included in this report are made as of the date hereof and are based on information available to us as of such date. We assume no obligation to update any forward-looking statement. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "expects," "plans," "anticipates," "intends," "believes," "estimates," "potential," or "continue," or the negative thereof or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements contained herein are based upon reasonable assumptions at the time made, there can be no assurance that any such expectations or any forward-looking statement will prove to be correct. Our actual results will vary, and may vary materially, from those projected or assumed in the forward-looking statements. Future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, many of which we cannot predict with accuracy and some of which we might not anticipate, including, without limitation, product recalls and product liability claims; infringement of our technology or assertion that our technology infringes the rights of other parties; termination of supplier relationships, or failure of suppliers to perform; inability to successfully manage growth; delays in obtaining regulatory approvals or the failure to maintain such approvals; concentration of our revenue among a few customers, products or procedures; development of new products and technology that could render our products obsolete; market acceptance of new products; introduction of products in a timely fashion; price and product competition, availability of labor and materials, cost increases, and fluctuations in and obsolescence of inventory; volatility of the market price of our common stock; foreign currency fluctuations; changes in key personnel; work stoppage or transportation risks; integration of business acquisitions; and other factors referred to in our reports filed with the SEC, including our Registration Statement on Form 10. All subsequent forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Additional factors that may have a direct bearing on our operating results are discussed in Item 1A "Risk Factors" in our Registration Statement on Form 10. In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this Quarterly Report or in any document incorporated by reference might not occur. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this Quarterly Report. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

1. Disclosure Controls and Procedures

We maintain disclosure controls and procedures (Disclosure Controls) within the meaning of Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Our Disclosure Controls are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our Disclosure Controls are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our Disclosure Controls, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily applied its judgment in evaluating and implementing possible controls and procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we evaluated the effectiveness of the design and operation of our Disclosure Controls, which was done under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer. Based on the evaluation of our Disclosure Controls, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2021, our Disclosure Controls were not effective due to a material weaknesses in the Company's internal control over financial reporting as disclosed below.

2. Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. In making this assessment, management used the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on our assessment, management has concluded that our internal control over financial reporting was not effective as of March 31, 2021, due to the following material weaknesses:

- The Company has a material weakness in the design and operation of its controls regarding its accounting for its equity method investment, including the proper elimination of intercompany profit included in assets acquired by the Company from its equity method investment and possible impairment of the investment. The identification of intercompany profit to be eliminated and the identification and compilation of data, assumptions, and computations used to determine the estimated fair value is not sufficiently precise in its preparation and review to identify misstatements that could become material.

- Separately, the Company has a material weakness in the design and operation of its controls over the timely recording of forfeitures of share-based compensation awards and the application of the amortization method used to recognize expense related to share-based compensation awards, which could become material.

- The Company has a material weakness in the design and operation of its controls related to the timely execution of contracts.

A "material weakness" is a deficiency, or a combination of deficiencies, in Internal Control over Financial Reporting ("ICFR"), such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements or prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions, and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

3. Plan to Remediate Material Weaknesses

We plan to enhance existing controls and design and implement new controls applicable to our equity method accounting, to ensure that our equity method investment balances are accurately calculated and appropriately reflected in our financial statements on a timely basis. We are in the process of implementing a software solution to automate the accounting for share based compensation awards. We are also planning to enhance our controls over the recording of forfeitures to ensure that forfeitures are recorded timely. Lastly, we plan to enhance existing controls and design, and implement new controls to ensure that contracts and agreements are executed timely and that executed copies of contracts are retained.

We plan to devote significant time and attention to remediate the above material weakness as soon as reasonably possible. As we continue to evaluate our controls, we will make the necessary changes to improve the overall design and operation of our controls. We believe these actions will be sufficient to remediate the identified material weakness and strengthen our internal control over financial reporting; however, there can be no guarantee that such remediation will be sufficient. We will continue to monitor the effectiveness of our controls and will make any further changes management determines appropriate.

4. Change in Internal Control over Financial Reporting

On February 17, 2021, Simon Brewer resigned as the Executive Vice President, Chief Financial Officer and Principal Accounting Officer of the Company. Mr. Brewer's departure was not due to a dispute or disagreement with the Company. On January 26, 2021, the board approved Jacob Easdale as the new Chief Accounting Officer. Mr. Easdale assumed the position of Chief Accounting Office on February 8, 2021. Other than this matter, there were no other changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2021.

PART II - Other Information

Item 1. Legal Proceedings

On or about July 13, 2018, RTJ, LLC and two of its principals filed a lawsuit against Predictive Therapeutics LLC, Predictive Biotech, Inc., both subsidiaries of Predictive Technology Group, Inc., and Jack Turner, Jr., an employee of Predictive Biotech, Inc. The plaintiffs had acted in a distributor capacity. The relationship was terminated. Plaintiffs are alleging breach of contract, promissory estoppel, unjust enrichment, fraud, breach of fiduciary duty, defamation, false light, and tortious interference. Based on the information available to us, we do not believe any of the RTJ proceedings will have a material adverse effect on our business, results of operations, financial position, or liquidity. Further, we deny the allegations in the complaint, have not discovered any evidence of wrongdoing with respect to the allegations and will vigorously defend against these allegations.

On or about May 1, 2019, Surgenex, LLC and one of its principals filed a lawsuit against Predictive Therapeutics LLC, Predictive Biotech, Inc., both subsidiaries of Predictive Technology Group, Inc., and Doug Schmid, an employee of Predictive Biotech, Inc. In 2014 Surgenex contracted with Utah Cord Bank, Inc., a former employer of Doug Schmid, to assist Surgenex in the doing work relating to allograft tissue. Schmid was later hired by Predictive Biotech, Inc. In connection with Schmid's employment with Predictive Biotech, Surgenex has filed a lawsuit alleging unjust enrichment, conspiracy, conversion, tortious interference with contractual and business relations, violations of trade secrets act, and other claims. Based on the information available to us, we do not believe the Surgenex proceedings will have a material adverse effect on our business, results of operations, financial position, or liquidity. Further, we deny the allegations in the complaint, have not discovered any evidence of wrongdoing with respect to the allegations and will vigorously defend against these allegations.

On or about July 12, 2019, Predictive Technology Group, Inc. and Predictive Therapeutics, LLC, a subsidiary of Predictive Technology Group, Inc. filed a lawsuit against Michael Schramm (Schramm). Schramm entered into an agreement to sell us certain patents and patent applications in consideration for equity securities. Schramm represented that he owned all rights, title, and interest in and to the intellectual property. We were subsequently advised by our patent counsel that, while the patents are registered with the US Patent and Trademark Office in the Company's name, the Company may not have a full interest in the patents. An unrelated third-party law firm placed a lien on the patents due to non-payment of legal fees by a third-party entity to whom certain assets were sold by another third-party entity that originally owned the patents. The Company raised these concerns with Schramm, who did not provide satisfactory evidence confirming that the Company had sole title to the patents. We sued Schramm for breach of contract, conversion and on other legal theories and are seeking, among other things, rescission of the purchase and sale transaction. While there is some question as to whether the Company has full title to these patents, we believe that we have at least partial ownership and can develop products based on the said patents. Schramm filed a counterclaim against us and Bradley C. Robinson, our Chief Executive Officer and Transfer Online, Inc., our transfer agent. Schramm is alleging he did not make any false representations. He is alleging, among other things, that various parties involved in the transaction committed breach of contract, conversion, violations of Nevada state law for failure to transfer securities, breach of fiduciary duty, tortious interference, and civil conspiracy. Based on the information available to us, we do not believe the Schramm proceedings will have a material adverse effect on our business, results of operations, financial position, or liquidity. Further, we deny the allegations in the counterclaim, have not discovered any evidence of wrongdoing with respect to the allegations in the counterclaim and will vigorously prosecute our claims against Schramm.

On or about March 18, 2020, Predictive Biotech, Inc. filed a lawsuit in the Utah District Court against Auxocell Laboratories, Inc ("Auxocell") for breach of contract, product liability, breach of warranty, negligent misrepresentation and other claims relating to defects in laboratory equipment Auxocell sold to Predictive Biotech. Alleged damages include wasted umbilical cord tissue, lost inventory, costs associated with particulate testing, reputational injury, and related claims. On or about August 24, 2020, Auxocell answered the Complaint by denying the claims and asserting counterclaims of its own for breach of a confidentiality clause and failure to pay for devices. The Company answered and denied the counterclaims on December 14, 2020. Initial discovery has commenced and the current schedule has a fact discovery cut-off date of June 21, 2021. The litigation is still in discovery and as such we provide no opinion or assessment of the likely outcome of the litigation.

On or about November 11, 2020, Mackey Investment, LLLP ("Mackey") filed a lawsuit in Utah District Court against Predictive Technology Group, Inc and several officers of the Company. Mackey subscribed for and purchased 500,000 shares of Predictive common stock for $480,000 on or about January 29, 2020. Mackey was given all of the Company's SEC filings as part of his due diligence. Mackey is alleging that Predictive failed to disclose material information in connection with its investment and is alleging breach of contract, fraudulent inducement, violation of the Utah Uniform Securities Act, and conspiracy. The suit also seeks civil penalties and treble and punitive damages. The Company filed an Answer denying the claims in the Complaint on or about December 4, 2020. Discovery has commenced, but we have not received discovery responses. We deny the allegations in the complaint and will vigorously defend against these allegations.

On or about April 30, 2020, Equitas Bio/Pharma Solutions, LLC ("Equitas") filed a lawsuit against Predictive Technology Group in New York District Court alleging nonpayment of "at least $551,080" in amounts owing under Master Service Agreement and Project Work Orders as of the date of filing. The claims are for breach of contract, breach of covenant of good faith and fair dealing and fraud. The basis of the fraud claim alleges that Predictive "made specific statements to Equitas that it was able to and intend to perform its obligations under the agreements" and at "the time Predictive made these promises it had no intention of keeping them." We agree that amounts are owed under the agreements, but we deny all allegations in the complaint relating to breach of covenant of good faith and fraud. Amounts due as of December 31, 2020 are included in accounts payable in the condensed consolidated balance sheets.

In June 2020, Wellgistics, LLC, the distributor of the Company's Assurance AB product, requested that the partial deposit paid on their non-cancellable purchase order of $5 million be returned. As the purchase order is contractually non-cancellable and the Company performed on the order in good faith by transmitting the deposit to the Company's supplier, the request to return the deposit was not honored. To date there has been no legal action taken by either party.

As of December 31, 2020, we did not record a liability related to these matters (other than amounts recorded in accounts payable as described above) as it was determined that an unfavorable resolution is either not currently probable or that an amount or relevant range is not reasonably estimable, or both. However, litigation is inherently unpredictable and it is possible that losses may occur. Any unfavorable resolution of any of these matters could materially affect our condensed consolidated financial position, cash flows, or results of operations. All legal costs associated with litigation are expensed as incurred.

Item 1A. Risk Factors

There have been no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None

Item 6. EXHIBITS

Exhibit No.	Identification of Exhibit
31.1	Section 302 Certification of Chief Executive Officer (filed herewith)
31.2	Section 302 Certification of Principal Financial Officer (filed herewith)
32.1	Section 906 Certification of Chief Executive Officer (filed herewith)
32.2	Section 906 Certification of Principal Financial Officer (filed herewith)
101	XBRL Interactive Data Tags

SIGNATURES

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

Predictive Technology Group, Inc.,
(Registrant)

By: */s/ Bradley C. Robinson*
Bradley C. Robinson
Chief Executive Officer and Director
May 17, 2021 *(Principal Executive Officer)*

By: */s/ Jacob Easdale*
Jacob Easdale
Chief Accounting Officer
May 17, 2021 *(Principal Accounting and Principal Financial Officer)*

EXHIBIT 31.1

CERTIFICATION

I, Bradley C. Robinson, certify that:

1. I have reviewed this quarterly report of Predictive Technology Group, Inc. ("the registrant") on Form 10-Q;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Bradley C. Robinson*
Bradley C. Robinson
Chief Executive Officer
(Principal Executive Officer)

May 17, 2021

EXHIBIT 31.2

CERTIFICATION

I, Jacob Easdale, certify that:

1. I have reviewed this quarterly report of Predictive Technology Group, Inc. ("the registrant") on Form 10-Q;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Jacob Easdale*
Jacob Easdale
Chief Accounting Officer
(Principal Accounting and Principal Financial Officer)

May 17, 2021

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350,
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Bradley C. Robinson, certify, to my best knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Predictive Technology Group, Inc., on Form 10-Q for the quarter ended March 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Predictive Technology Group, Inc.

By: */s/ Bradley C. Robinson*
Bradley C. Robinson
Chief Executive Officer
May 17, 2021 *(Principal Executive Officer)*

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350,
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jacob Easdale, certify, to my best knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Predictive Technology Group, Inc. on Form 10-Q for the quarter ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Predictive Technology Group, Inc.

By: */s/ Jacob Easdale*
Jacob
Chief Accounting Officer
May 17, 2021 *(Principal Accounting and Principal Financial Officer.)*

EXHIBIT 31.1

CERTIFICATION

I, Bradley C. Robinson, certify that:

1. I have reviewed this quarterly report of Predictive Technology Group, Inc. ("the registrant") on Form 10-Q;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Bradley C. Robinson*
Bradley C. Robinson
Chief Executive Officer
(Principal Executive Officer)

May 17, 2021

EXHIBIT 31.2

CERTIFICATION

I, Jacob Easdale, certify that:

1. I have reviewed this quarterly report of Predictive Technology Group, Inc. ("the registrant") on Form 10-Q;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: */s/ Jacob Easdale*

Jacob Easdale
Chief Accounting Officer
(Principal Accounting and Principal Financial Officer)

May 17, 2021

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. Section 1350,
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Bradley C. Robinson, certify, to my best knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Predictive Technology Group, Inc., on Form 10-Q for the quarter ended March 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Predictive Technology Group, Inc.

By: */s/ Bradley C. Robinson*
Bradley C. Robinson
Chief Executive Officer
May 17, 2021 *(Principal Executive Officer)*

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. Section 1350,
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Jacob Easdale, certify, to my best knowledge and belief, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Predictive Technology Group, Inc. on Form 10-Q for the quarter ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Predictive Technology Group, Inc.

By: */s/ Jacob Easdale*
Jacob Easdale
Chief Accounting Officer
May 17, 2021 *(Principal Accounting and Principal Financial Officer)*