GLIMPSE GROUP, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/15/25 for the Period Ending 03/31/25

Address	15 WEST 38TH ST, 12TH FLOOR NEW YORK, NY, 10018
Telephone	917-292-2685
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SIC Code	7371 - Services-Computer Programming Services
Industry	Software
Sector	Technology
Fiscal Year	06/30

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2025

OR

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

For the transition period from to

Commission File Number: 001-40556

THE GLIMPSE GROUP, INC.
(Exact name of registrant as specified in its charter)

Nevada **(State or other jurisdiction of incorporation or organization)**	**81-2958271** **(I.R.S. Employer Identification No.)**
15 West 38th St., 12th Fl **New York, NY** **(Address of principal executive offices)**	**10018** **(Zip Code)**

Registrant's telephone number, including area code: (917) 292-2685

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.001 per share	VRAR	The NASDAQ Stock Market LLC

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

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

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

As of May 9, 2025, the registrant had 21,055,506 shares of common stock, par value $0.001 per share, outstanding.

THE GLIMPSE GROUP, INC.
TABLE OF CONTENTS

THE GLIMPSE GROUP, INC.
INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

THE GLIMPSE GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of March 31, 2025 (Unaudited)	As of June 30, 2024 (Audited)
ASSETS		
Cash and cash equivalents	$ 7,058,020	$ 1,848,295
Accounts receivable	652,118	723,032
Deferred costs/contract assets	605,562	170,781
Notes receivable	93,600	-
Prepaid expenses and other current assets	579,264	778,181
Total current assets	8,988,564	3,520,289
Equipment and leasehold improvements, net	70,975	167,325
Right-of-use assets, net	155,238	452,808
Intangible assets, net	161,253	487,867
Goodwill	10,857,600	10,857,600
Other assets	11,100	72,714
Total assets	$ 20,244,730	$ 15,558,603
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 52,806	$ 181,668
Accrued liabilities	780,330	340,979
Deferred revenue/contract liabilities	1,047,673	72,788
Lease liabilities, current portion	147,900	364,688
Contingent consideration for acquisitions, current portion	1,468,663	1,467,475
Total current liabilities	3,497,372	2,427,598
Long term liabilities		
Contingent consideration for acquisitions, net of current portion	-	1,413,696
Lease liabilities, net of current portion	19,451	178,824
Total liabilities	3,516,823	4,020,118
Commitments and contingencies		
Stockholders' Equity		
Preferred Stock, par value $0.001 per share, 20 million shares authorized; 0 shares issued and outstanding	-	-
Common Stock, par value $0.001 per share, 300 million shares authorized; 21,043,756 and 18,158,217 issued and outstanding, respectively	21,044	18,158
Additional paid-in capital	82,236,658	74,559,600
Accumulated deficit	(65,529,795)	(63,039,273)
Total stockholders' equity	16,727,907	11,538,485
Total liabilities and stockholders' equity	$ 20,244,730	$ 15,558,603

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

THE GLIMPSE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31		For the Nine Months Ended March 31	
	2025	2024	2025	2024
Revenue				
Software services	$ 1,283,287	$ 1,466,397	$ 6,641,652	$ 6,510,740
Software license/software as a service	138,948	429,246	387,886	566,208
Total Revenue	1,422,235	1,895,643	7,029,538	7,076,948
Cost of goods sold	402,209	569,461	2,061,519	2,406,479
Gross Profit	1,020,026	1,326,182	4,968,019	4,670,469
Operating expenses:				
Research and development expenses	829,815	1,136,848	2,610,038	4,209,518
General and administrative expenses	1,165,187	1,233,904	2,947,847	3,375,140
Sales and marketing expenses	483,138	559,681	1,606,236	2,138,539
Amortization of acquisition intangible assets	100,537	291,036	326,614	950,192
Goodwill impairment	-	-	-	379,038
Intangible asset impairment	-	-	-	522,166
Change in fair value of acquisition contingent consideration	26,012	(291,980)	87,492	(4,317,524)
Total operating expenses	2,604,689	2,929,489	7,578,227	7,257,069
Loss from operations before other income	(1,584,663)	(1,603,307)	(2,610,208)	(2,586,600)
Other income				
Interest income	82,461	61,051	119,686	186,534
Net loss	$ (1,502,202)	$ (1,542,256)	$ (2,490,522)	$ (2,400,066)
Basic and diluted net loss per share	$ (0.07)	$ (0.09)	$ (0.13)	$ (0.15)
Weighted-average common shares outstanding for basic and diluted net loss per share	20,999,445	17,195,322	19,161,661	16,194,523

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

THE GLIMPSE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance as of January 1, 2025	20,272,006	$ 20,272	$ 81,925,269	$ (64,027,593)	$ 17,917,948
Common stock and stock option based compensation expense	10,500	11	206,068	-	206,079
Common stock issued to vendors	1,250	1	3,086	-	3,087
Stock option-based board of directors expense	-	-	102,235	-	102,235
Common stock issued for exercise of warrants	760,000	760	-	-	760
Net loss	-	-	-	(1,502,202)	(1,502,202)
Balance as of March 31, 2025	21,043,756	$ 21,044	$ 82,236,658	$ (65,529,795)	$ 16,727,907

THE GLIMPSE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2025
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance as of July 1, 2024	18,158,217	$ 18,158	$ 74,559,600	$ (63,039,273)	$ 11,538,485
Common stock and stock option based compensation expense	26,500	27	588,364	-	588,391
Common stock issued to vendors	1,250	1	3,086	-	3,087
Stock option-based board of directors expense	-	-	127,154	-	127,154
Common stock issued for exercise of options	7,789	8	(8)	-	-
Common stock issued in Securities Purchase Agreement, net	1,990,000	1,990	6,783,562	-	6,785,552
Common stock issued for exercise of warrants	860,000	860	174,900	-	175,760
Net loss	-	-	-	(2,490,522)	(2,490,522)
Balance as of March 31, 2025	21,043,756	$ 21,044	$ 82,236,658	$ (65,529,795)	$ 16,727,907

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

THE GLIMPSE GROUP, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance as of January 1, 2024	16,722,146	$ 16,723	$ 72,283,210	$ (57,502,788)	$ 14,797,145
Common stock issued to vendors	5,626	5	15,185	-	15,190
Common stock issued to satisfy contingent acquisition obligations	750,000	750	846,752	-	847,502
Common stock and stock option based compensation expense	329,803	330	468,011	-	468,341
Common stock and stock option based board of directors expense	332,642	333	501,616	-	501,949
Net loss	-	-	-	(1,542,256)	(1,542,256)
Balance as of March 31, 2024	18,140,217	$ 18,141	$ 74,114,774	$ (59,045,044)	$ 15,087,871

THE GLIMPSE GROUP, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2024
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Capital	Deficit	Total
Balance as of July 1, 2023	14,701,929	$ 14,702	$ 67,854,108	$ (56,644,978)	$ 11,223,832
Common stock issued in Securities Purchase Agreement, net	1,885,715	1,886	2,966,615	-	2,968,501
Common stock issued to vendors	34,197	34	88,438	-	88,472
Common stock issued for exercise of options	8,819	9	(9)	-	-
Common stock issued to satisfy contingent acquisition obligations	785,714	786	973,861	-	974,647
Common stock and stock option based compensation expense	391,201	391	1,586,870	-	1,587,261
Common stock and stock option based board of directors expense	332,642	333	644,891	-	645,224
Net loss	-	-	-	(2,400,066)	(2,400,066)
Balance as of March 31, 2024	18,140,217	$ 18,141	$ 74,114,774	$ (59,045,044)	$ 15,087,871

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

THE GLIMPSE GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended March 31, 2025	2024
Cash flows from operating activities:		
Net loss	$ (2,490,522)	$ (2,400,066)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	390,467	1,040,759
Common stock and stock option based compensation for employees and board of directors	715,545	1,742,126
Net gain on divestiture of subsidiaries	(1,392,434)	(1,000,000)
Reserve on note received in connection with divestiture of subsidiaries	1,500,000	1,000,000
Gain on office lease termination	(34,660)	-
Accrued non cash performance bonus fair value adjustment	-	(551,236)
Acquisition contingent consideration fair value adjustment	87,492	(4,317,524)
Impairment of intangible assets	-	901,204
Issuance of common stock to vendors	3,087	88,472
Adjustment to operating lease right-of-use assets and liabilities	(43,605)	(99,144)
Changes in operating assets and liabilities:		
Accounts receivable	70,914	478,598
Deferred costs/contract assets	(434,781)	86,347
Loans receivable	(9,600)	-
Prepaid expenses and other current assets	198,917	(251,030)
Other assets	5,349	(1,506)
Accounts payable	(128,862)	(214,705)
Accrued liabilities	442,496	(388,644)
Deferred revenue/contract liabilities	994,063	(396,546)
Net cash used in operating activities	(126,134)	(4,282,895)
Cash flow used in investing activities:		
Purchase of leasehold improvements and equipment	(41,453)	(19,346)
Payment of contingent consideration for acquisition	(1,500,000)	-
Cash used in investing activities	(1,541,453)	(19,346)
Cash flows provided by financing activities:		
Proceeds from securities purchase agreement, net	6,785,552	2,968,501
Proceeds from exercise of warrants	175,760	-
Issuance of note receivable	(84,000)	-
Net cash provided by financing activities	6,877,312	2,968,501
Net change in cash and cash equivalents	5,209,725	(1,333,740)
Cash and cash equivalents, beginning of year	1,848,295	5,619,083
Cash and cash equivalents, end of period	$ 7,058,020	$ 4,285,343
Non-cash Investing and Financing activities:		
Issuance of common stock for satisfaction of contingent liability	$ -	$ 974,647
Issuance of common stock for non cash performance bonus	$ -	$ 490,360
Lease liabilities arising from right-of-use assets	$ 20,344	$ 113,182

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

NOTE 1. DESCRIPTION OF BUSINESS

The Glimpse Group, Inc. (“Glimpse”, the “Company”) is an Immersive technology company, providing Virtual Reality (“VR”), Augmented Reality(“AR”) and Spatial Computing software and services. Glimpse’s operating entities are located in the United States. The Company was incorporated in the State of Nevada in June 2016.

Glimpse’s unique business model builds scale and a robust ecosystem, while simultaneously providing investors an opportunity to invest directly into this emerging industry via a diversified platform.

The Company completed an initial public offering (“IPO”) of its common stock on the Nasdaq Capital Market Exchange on July 1, 2021, under the ticker VRAR.

NOTE 2. LIQUIDITY AND CAPITAL RESOURCES

In December 2024 and January 2025, the Company completed a Securities Purchase Agreement (“SPA”) with an institutional investor selling 2.75 million shares of common stock (including warrant exercise) that resulted in total net cash proceeds to the Company of approximately $6.79 million. See Note 9.

Net cash provided by / (used in) operating activities was approximately $0.13 million and $(0.13) million, respectively, for the three and nine months ended March 31, 2025. The Company believes that it is sufficiently funded to meet its operational plan and future obligations beyond the 12-month period from the date that these financial statements were issued.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the rules and regulations of the SEC. In the opinion of management, the unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of March 31, 2025, the results of operations for the three and nine months ended March 31, 2025 and 2024, and cash flows for the nine months ended March 31, 2025 and 2024. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results for the three and nine months ended March 31, 2025 are not necessarily indicative of the results to be expected for the entire year ending June 30, 2025 or for any subsequent periods. The consolidated balance sheet at June 30, 2024 has been derived from the audited consolidated financial statements at that date. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) have been condensed or omitted pursuant to the Securities and Exchange Commission’s rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended June 30, 2024.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the balances of Glimpse and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Accounting Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the accompanying condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The principal estimates relate to the valuation of allowance for doubtful accounts, stock options, revenue recognition, allocation of the purchase price of assets relating to business combinations, calculation of contingent consideration for acquisitions, fair value of intangible assets and goodwill impairment.

Cash and Cash Equivalents

Cash and equivalents represent cash and short-term, highly liquid investments, that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk of changes in value because of changes in interest rates, with maturities three months or less at the date of purchase.

Accounts Receivable

Accounts receivable consists of amounts due from customers under normal trade terms. We recognize accounts receivable at the amount we expect to collect from our customers. We provide an allowance for credit losses to reflect the estimated amount of accounts receivable that may not be collectible. We determine the allowance for credit losses through a combination of specific identification of troubled accounts, historical loss experience, industry trends, current market conditions, and customer creditworthiness. The allowance for credit losses is adjusted periodically to reflect changes in these factors. As of March 31, 2025 and June 30, 2024 no allowance for doubtful accounts was recorded as all amounts were considered collectible.

Customer Concentration and Credit Risk

Three customers accounted for approximately 52% (32%, 10% and 10%, respectively) of the Company's total gross revenues during the three months ended March 31, 2025. One of the same customers and another customer accounted for approximately 58% (35% and 23%, respectively) of the Company's total gross revenues during the nine months ended March 31, 2025. Two customers accounted for approximately 40% (25% and 15%, respectively) of the Company's total gross revenues during the three months ended March 31, 2024. The same two same customers and another customer accounted for approximately 48% (23%, 15% and 10%, respectively) of the Company's total gross revenues during the nine months ended March 31, 2024.

Two customers accounted for approximately 48% (31% and 17%, respectively) of the Company's accounts receivable as of March 31, 2025. One of the same customers and two different customers accounted for approximately 50% (22%, 16% and 12%, respectively) of the Company's accounts receivable as of June 30, 2024.

The Company maintains cash in accounts that, at times, may be in excess of the Federal Deposit Insurance Corporation limit. The Company has not experienced any losses on such accounts.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations accounted for under the acquisition method. Goodwill is not amortized but instead is tested at least annually for impairment, or more frequently when events or changes in circumstances indicate that goodwill might be impaired.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy, which is based on three levels of inputs, the first two of which are considered observable and the last unobservable, that may be used to measure fair value, is as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 — inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

- Level 3 — unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company classifies its cash equivalents within Level 1 of the fair value hierarchy on the basis of valuations based on quoted prices for the specific securities in an active market.

The Company's contingent consideration is categorized as Level 3 within the fair value hierarchy. Contingent consideration is recorded within contingent consideration, current, and contingent consideration, non-current, in the Company's consolidated balance sheets as of March 31, 2025 and June 30, 2024. Contingent consideration has been recorded at its fair values using unobservable inputs and include assumptions regarding financial forecasts, discount rates, and volatility of forecasted revenue. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management.

The Company's other financial instruments consist primarily of accounts receivable, accounts payable, and other liabilities, and approximate fair value due to the short-term nature of these instruments.

Revenue Recognition

Nature of Revenues

The Company reports its revenues in two categories:

- Software Services: VR, AR and Spatial Computing projects, solutions and consulting services.

- Software License and Software-as-a-Service ("SaaS"): VR, AR or Spatial Computing software that is sold either as a license or as a SaaS subscription.

The Company applies the following steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract;
- recognize revenue as the performance obligation is satisfied;
- determine that collection is reasonably assured.

Revenue is recognized when the Company satisfies its performance obligation under the contract by transferring the promised product to its customer or service is performed and collection is reasonably assured. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A portion of the Company's contracts have a single performance obligation, as the promise to transfer products or services is not separately identifiable from other promises in the contract and, therefore, not distinct. Other contracts can include various services and products which are at times capable of being distinct, and therefore may be accounted for as separate performance obligations.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. As such, revenue is recorded net of returns, allowances, customer discounts, and incentives. Sales taxes and other taxes are excluded from revenues.

For distinct performance obligations recognized at a point in time, any unrecognized portion of revenue and any corresponding unrecognized expenses are presented as deferred revenue/contract liability and deferred costs/contract asset, respectively, in the accompanying condensed consolidated balance sheets. Contract assets include cash payroll costs and may include payments to consultants and vendors.

For distinct performance obligations recognized over time, the Company records a contract asset (costs in excess of billings) when revenue is recognized prior to invoicing, or a contract liability (billings in excess of costs) when revenue is recognized subsequent to invoicing.

Significant Judgments

The Company's contracts with customers may include promises to transfer multiple products/services. Determining whether products/services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Further, judgment may be required to determine the standalone selling price for each distinct performance obligation.

Disaggregation of Revenue

The Company generated revenue for the three and nine months ended March 31, 2025 and 2024 by delivering: (i) Software Services, consisting primarily of VR/AR/Spatial Computing software projects, solutions and consulting services, and (ii) Software Licenses & SaaS, consisting primarily of VR, AR and Spatial Computing software licenses or SaaS. The Company currently generates its revenues primarily from customers in the United States.

Revenue for a significant portion of Software Services projects and solutions (projects whereby, the development of the project leads to an identifiable asset with an alternative use to the Company) is recognized at the point of time in which the customer obtains control of the project, customer accepts delivery and confirms completion of the project. Certain other Software Services revenues are custom project solutions (projects whereby, the development of the custom project leads to an identifiable asset with no alternative use to the Company, and, in which, the Company also has an enforceable right to payment under the contract) and are therefore recognized based on the percentage of completion using an input model with a master budget. The budget is reviewed periodically and percentage of completion adjusted accordingly.

Revenue for Software Services consulting services and website maintenance is recognized when the Company performs the services, typically on a monthly retainer basis.

Revenue for Software Licenses is recognized at the point of time in which the Company delivers the software and customer accepts delivery. Software Licenses often include third party components that are a fully integrated part of the Software License stack and are therefore considered as one deliverable and performance obligation. If there are significant contractually stated ongoing service obligations to be performed during the term of the Software License or SaaS contract, then revenues are recognized ratably over the term of the contract.

Timing of Revenue

The timing of revenue recognition for the three and nine months ended March 31, 2025 and 2024 was as follows:

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2025	**2024**	**2025**	**2024**
Products and services transferred at a point in time	$ 1,308,678	$ 1,783,717	$ 6,573,324	$ 5,861,004
Products and services transferred/recognized over time	113,557	111,926	456,214	1,215,944
Total Revenue	$ 1,422,235	$ 1,895,643	$ 7,029,538	$ 7,076,948

Remaining Performance Obligations

Timing of revenue recognition may differ from the timing of invoicing to customers. The Company generally records a receivable/contract asset when revenue is recognized prior to invoicing, or deferred revenue/contract liability when revenue is recognized subsequent to invoicing.

For certain Software Services project contracts the Company invoices customers after the project has been delivered and accepted by the customer. Software Service project contracts typically consist of designing and programming software for the customer. In most cases, there is only one distinct performance obligation, and revenue is recognized upon completion, delivery and customer acceptance. Contracts may include multiple distinct projects that can each be implemented and operated independently of subsequent projects in the contract. In such cases, the Company accounts for these projects as separate distinct performance obligations and recognizes revenue upon the completion of each project or obligation, its delivery and customer acceptance.

For contracts recognized over time, contract liabilities include billings invoiced for software projects for which the contract’s performance obligations are not complete.

For certain other Software Services project contracts, the Company invoices customers for a substantial portion of the project upon entering into the contract due to their custom nature and revenue is recognized based upon percentage of completion. Revenue recognized subsequent to invoicing is recorded as a deferred revenue/contract liability (billings in excess of cost) and revenue recognized prior to invoicing is recorded as a deferred cost/contract asset (cost in excess of billings).

For Software Services consulting or retainer contracts, the Company generally invoices customers monthly at the beginning of each month in advance for services to be performed in the following month. The sole performance obligation is satisfied when the services are performed. Software Services consulting or retainer contracts typically consist of ongoing support for a customer’s software or specified business practices.

For Software License contracts, the Company generally invoices customers when the software has been delivered to and accepted by the customer, which is also when the performance obligation is satisfied. For SaaS contracts, the Company generally invoices customers in advance at the beginning of the service term.

For multi-period Software License contracts, the Company generally invoices customers annually at the beginning of each annual coverage period. Software License contracts consist of providing clients with software designed by the Company. For Software License contracts, there are generally no ongoing support obligations unless specified in the contract (becoming a Software Service).

Unfulfilled performance obligations represent amounts expected to be earned by the Company on executed contracts. As of March 31, 2025 and 2024, the Company had approximately $3.34 million and approximately $1.12 million, respectively, in unfulfilled performance obligations.

Research and Development Costs

Research and development expenses are expensed as incurred, and include payroll, employee benefits and stock-based compensation expense. Research and development expenses also include third-party development and programming costs. Given the emerging industry and uncertain market environment the Company operates in, research and development costs are not capitalized.

Other Significant Accounting Policies

There have been no material changes to other significant accounting policies from those detailed in audited consolidated financial statements and notes thereto for the fiscal year ended June 30, 2024.

Reclassifications

Certain accounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current period financial statements.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for the Company's annual periods beginning July 1, 2025. The Company is currently evaluating the ASU to determine its impact on the Company's disclosures.

NOTE 4. QREAL AND GLIMPSE TURKEY DIVESTITURE

As part of its previously announced strategic realignment around Spatial Core and divestiture of non-core assets, effective October 1, 2024, the Company divested the business of its wholly owned subsidiary company QReal, LLC ("QReal") and its related operating entity GLIMPSE GROUP YAZILIM VE ARGE TİCARET ANONİM ŞİRKET ("Glimpse Turkey") in a management buyout by the General Manager of QReal.

The Company does not expect material changes to its expected revenues for years ending June 30, 2025 and 2026.

The Company retains the revenues from QReal's largest customer in full, until such time that the Company has collected and retained $1.35 million net cash in the aggregate, after taking into account all related operating expenses and fees (the "Milestone"). After satisfaction of the Milestone, the Company will receive a monthly cash revenue share for a period of 18 months in relation to any revenues generated from this same customer.

The assets, as defined, of Qreal/Glimpse Turkey, were sold in return for a $1.56 million senior secured convertible note from the purchasing ("New") entity and a 10% equity stake in New entity. Principal payback of the note is tied directly to revenue collected by New entity (separate from the Milestone). The note converts to New entity equity upon certain equity capital raising of New entity, as defined. The Company accounts for the investment in New entity at cost ($100) because the Company does not control or have significant influence over the investment.

The Company recorded a non cash gain on the divestiture of approximately $1.39 million which is included in general and administrative expenses on the condensed consolidated statement of operations for the nine months ended March 31, 2025. The Company has also fully reserved against the note as collectability is considered uncertain and recorded a loan loss reserve of $1.50 million in general and administrative expenses on the condensed statement of operations for the nine months ended March 31, 2025. The note reserve fully offsets the gain on divestiture detailed above.

Revenue from the divested business that is not being retained going forward was approximately $0.01 million and approximately $0.14 million, respectively, for the three and nine months ended March 31, 2025, and approximately $0.22 million and approximately $0.39 million, respectively, for the three and nine months ended March 31, 2024. The Company anticipates operational cost savings from the divestiture after only retaining direct expenses related to the retained QReal largest customer.

Pursuant to the original acquisition of QReal by the Company in 2016, upon sale of the entity the original sellers are due 8% ("economic interest") of the Milestone proceeds. As the achievement of the Milestone is uncertain, liability for these payments will be recorded as actual Milestone proceeds occur. The Company recorded an expense of approximately $0.01 million and approximately $0.03 million, respectively, related to the economic interest in sales and marketing expense on the condensed consolidated statement of operations for the three and nine months ended March 31, 2025.

As of March 31, 2025, the Company has received $0.32 million of the Milestone.

NOTE 5. IMPAIRMENT OF GOODWILL AND LONG-LIVED ASSETS

PulpoAR, LLC ("Pulpo")

In December 2023 the Company divested the operations of its wholly owned subsidiary Pulpo due to poor revenue performance and non-strategic alignment.

Accordingly, the fair value of intangible assets, including goodwill, originally recorded at the time of the purchase, were determined to be to be zero. The net assets of $0.90 million (consisting of intangible assets - technology with net book value of $0.52 million and goodwill of $0.38 million) were written-off and were included in goodwill impairment and intangible asset impairment on the condensed consolidated statement of operations for the nine months ended March 31, 2024.

The assets, as defined, of Pulpo, were sold to an independent entity in return for a 10% interest in said entity and a $1.0 million note. The Company recorded a non cash $1.0 million gain on divestiture, which is included in general and administrative expenses on the condensed consolidated statement of operations for the nine months ended March 31, 2024. The Company has fully reserved against the Note as collectability is considered remote and recorded a loan loss reserve against the note in general and administrative expenses on the condensed consolidated statement of operations for the nine months ended March 31, 2024. This fully offsets the gain on divestiture detailed above.

For the three and nine months ended March 31, 2024, Pulpo had revenue of zero and approximately $0.07 million, respectively, and net losses of zero and approximately $0.42 million, respectively (exclusive of the goodwill and intangible asset impairment write-off), reported in the condensed consolidated statements of operations.

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

The composition of goodwill as of March 31, 2025 and June 30, 2024 is as follows:

	As of March 31, 2025 and June 30, 2024		
	XRT	**BLI**	**Total**
Goodwill	$ 300,000	$ 10,557,600	$ 10,857,600

Intangible assets, their respective amortization period, and accumulated amortization at March 31, 2025 and June 30, 2024 are as follows:

	As of March 31, 2025				
	Value ($)				Amortization Period (Years)
	XR Terra	**BLI**	**Glimpse Learning**	**Total**	
Intangible Assets					
Technology	300,000	880,000	326,435	1,506,435	3
Less: Accumulated Amortization	(300,000)	(782,210)	(262,972)	(1,345,182)	
Intangible Assets, net	$ -	$ 97,790	$ 63,463	$ 161,253	

	As of June 30, 2024				
	Value ($)				**Amortization Period (Years)**
	XR Terra	**BLI**	**Glimpse Learning**	**Total**	
Intangible Assets					
Technology	300,000	880,000	326,435	1,506,435	3
Less: Accumulated Amortization	(274,995)	(562,214)	(181,359)	(1,018,568)	
Intangible Assets, net	$ 25,005	$ 317,786	$ 145,076	$ 487,867	

Intangible asset amortization expense for the three and nine months ended March 31, 2025 was approximately $0.10 million and approximately $0.33 million, respectively. Intangible asset amortization expense for the three and nine months ended March 31, 2024 was approximately $0.29 million and approximately $0.95 million, respectively.

Estimated intangible asset amortization expense as of March 31, 2025 for the remaining lives are as follows:

Years Ended June 30,	
2025 (remaining 3 months)	$ 101,034
2026	$ 60,219

NOTE 7. FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

The Company's money market funds are categorized as Level 1 within the fair value hierarchy. As of March 31, 2025 and June 30, 2024, the Company's cash and cash equivalents were as follows:

	As of March 31, 2025			
	Cost	**Unrealized Gain (Loss)**	**Fair Value**	**Cash and Cash Equivalents**
Cash	$ 27,777	$ -		$ 27,777
Level 1:				
Money market funds	7,030,243	-	$ 7,030,243	7,030,243
Total cash and cash equivalents	$ 7,058,020	$ -	$ 7,030,243	$ 7,058,020

	As of June 30, 2024			
	Cost	**Unrealized Gain (Loss)**	**Fair Value**	**Cash and Cash Equivalents**
Cash	$ 109,659	$ -		$ 109,659
Level 1:				
Money market funds	1,738,636	-	$ 1,738,636	1,738,636
Total cash and cash equivalents	$ 1,848,295	$ -	$ 1,738,636	$ 1,848,295

Contingent Consideration

As of March 31, 2025 and June 30, 2024, the Company's contingent consideration liabilities related to acquisitions are categorized as Level 3 within the fair value hierarchy. Contingent consideration was valued as of March 31, 2025 and June 30, 2024 using unobservable inputs, primarily internal revenue forecasts. Contingent consideration was valued at the time of acquisitions using unobservable inputs and included using the Monte Carlo simulation model. This model incorporated revenue volatility, internal rate of return, and a risk-free rate. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management with the assistance, at times, of a third-party valuation specialist.

As of March 31, 2025, the Company's contingent consideration liabilities, current and non-current balances were as follows:

	As of March 31, 2025				
	Contingent Consideration at Purchase Date	**Consideration Paid**	**Changes in Fair Value**	**Fair Value**	**Contingent Consideration**
Level 3:					
Contingent consideration, current - BLI	1,264,200	(1,264,200)	1,468,663	1,468,663	1,468,663
Contingent consideration, current - XRT	-	(499,288)	499,288	-	-
Total contingent consideration, current portion	$ 1,264,200	$ (1,264,200)	$ 1,468,663	$ 1,468,663	$ 1,468,663
Level 3:					
Contingent consideration, non-current - BLI	6,060,700	(1,733,694)	(4,327,006)	-	-
Total contingent consideration, net of current portion	$ 6,060,700	$ (1,733,694)	$ (4,327,006)	$ -	$ -

Revenue projections for BLI are expected to trigger potential additional gross consideration of $1.5 million over the remainder of the contingent consideration payout period ending on July 31, 2025, payable in cash. The possibility of achieving any remaining revenue targets to trigger additional consideration is remote. Accordingly, contingent consideration remaining for the BLI acquisition as of March 31, 2025 is calculated at the present value of the estimated remaining $1.5 million cash discounted at risk-free interest rates from the estimated payment date. The range of potential additional contingent consideration related to BLI in excess of the amounts reflected on the condensed consolidated balance sheet as of March 31, 2025 is zero to $10.0 million (which is considered remote and no provision is made for it), of which up to $7.5 million is in cash and the remainder in the form of Company common stock (with share conversion at a $7.00 per share floor price).

The change in fair value of contingent consideration for BLI for the three and nine months ended March 31, 2025 was a non-cash expense of approximately $0.03 million and approximately $0.12 million, respectively, included as change in fair value of acquisition contingent consideration in the condensed consolidated statements of operations. This reflects the change in the time value of money related to the present value of anticipated payments.

The change in fair value of contingent consideration for XR Terra, LLC (“XRT”) for the nine months ended March 31, 2025 was a non-cash gain of approximately $0.04 million included as change in fair value of acquisition contingent consideration in the condensed consolidated statements of operations. This reflects the reversal of the estimated final consideration payment related to the acquisition of XRT. The contingent consideration payout period ended September 2024.

As of June 30, 2024, the Company’s contingent consideration liabilities current and non-current balances were as follows:

	As of June 30, 2024				
	Contingent Consideration at Purchase Date	Consideration Paid	Changes in Fair Value	Fair Value	Contingent Consideration
Level 3:					
Contingent consideration, current - BLI	$ 1,264,200	$ -	$ 167,561	$ 1,431,761	$ 1,431,761
Contingent consideration, current - XRT	-	(499,288)	535,002	35,714	35,714
Total contingent consideration, current portion	$ 1,264,200	$ (499,288)	$ 702,563	$ 1,467,475	$ 1,467,475
Level 3:					
Contingent consideration, non-current - BLI	$ 6,060,700	$ (1,497,894)	$ (3,149,110)	$ 1,413,696	$ 1,413,696
Total contingent consideration, net of current portion	$ 6,060,700	$ 1,497,894	$ 3,149,110	$ 1,413,696	$ 1,413,696

Revenue projections for BLI were expected to trigger potential additional gross consideration of $3.0 million over the remainder of the contingent consideration payout period ending in July 31, 2025, payable in cash ($1.5 million was paid in February 2025). The possibility of achieving any remaining revenue targets to trigger additional consideration was remote. Accordingly, contingent consideration remaining for the BLI acquisition as of June 30, 2024 is calculated at the present value of the estimated remaining $3.0 million cash discounted at risk-free interest rates from the estimated payment dates.

The contingent consideration related to XRT as of June 30, 2024 represented an accrual for anticipated achievement of an additional revenue threshold though the end of the contingent consideration period September 2024.

The change in fair value of contingent consideration for the three and nine months ended March 31, 2024 was a non-cash gain of approximately $0.29 million and approximately $4.32 million, respectively, included as change in fair value of acquisition contingent consideration in the condensed consolidated statements of operations. This was primarily driven by changes in the Company’s common stock price between the measurement dates and revisions to revenue projections for BLI and Sector 5 Digital, LLC (“S5D”).

NOTE 8. DEFERRED COSTS/CONTRACT ASSETS AND DEFERRED REVENUE/CONTRACT LIABILITIES

As of March 31, 2025 and June 30, 2024, deferred costs/contract assets totaling $605,562 and $170,781, respectively, consists of costs deferred under contracts not completed and recognized at a point in time ($605,562 and $135,057, respectively), and costs in excess of billings under contracts not completed and recognized over time ($0 and $35,724, respectively). As of March 31, 2025 and June 30, 2024, deferred revenue/contract liabilities, totaling $1,047,673 and $72,788, respectively, consists of revenue deferred under contracts not completed and recognized at a point in time ($1,047,673 and $72,788, respectively), and billings in excess of costs under contracts not completed and recognized over time ($0 and $0 respectively).

The following table shows the reconciliation of the costs in excess of billings and billings in excess of costs for contracts recognized over time:

	As of March 31, 2025	As of June 30, 2024
Cost incurred on uncompleted contracts	$ -	$ 106,035
Estimated earnings	-	105,689
Earned revenue	-	211,724
Less: billings to date	-	176,000
Costs in excess of billings, net	$ -	$ 35,724
Balance Sheet Classification		
Contract assets includes, costs and estimated earnings in excess of billings on uncompleted contracts	$ -	$ 35,724
Contract liabilities includes, billings in excess of costs and estimated earnings on uncompleted contracts	-	-
Costs in excess of billings, net	$ -	$ 35,724

NOTE 9. EQUITY

Securities Purchase Agreements ("SPA")

SPA 2024

In December 2024, the Company completed a SPA with an institutional investor selling 1,990,000 shares of common stock at $2.65 per share and pre-funded warrants to purchase up to 760,000 shares of common stock at $2.649 per warrant (which is convertible to one share of common stock on a one for one basis). The pre-funded warrants were exercised in full in January 2025 at the exercise price of $0.001 per share of common stock.

The Company realized total net proceeds (after underwriting and professional fees) of approximately $6.79 million from the SPA 2024.

SPA 2023

In October 2023, the Company completed a SPA with certain institutional investors selling 1,885,715 shares of common stock for approximately $3.30 million (at $1.75 per share). The Company realized net proceeds (after underwriting, professional fees and listing expenses) of approximately $2.97 million.

Simultaneously, the exercise price on warrants to purchase 750,000 shares of common stock originally issued pursuant to a SPA entered into in November 2021 were repriced from $14.63 per share to $1.75 per share.

Common Stock Issued

Exercise of Warrants

In December 2024, an institutional investor exercised warrants (issued in connection with a November 2021 SPA) convertible into 100,000 shares of common stock. The Company realized proceeds of approximately $0.18 million ($1.75 per share).

In January 2025, an institutional investor exercised warrants (issued in connection with a December 2024 SPA) convertible into 760,000 shares of common stock. The Company realized de minimis proceeds (760,000 shares at $0.001 per share).

Common stock issued to Employees as Compensation

During the nine months ended March 31, 2025, the Company issued approximately 27,000 unrestricted shares of common stock to an employee as compensation and recorded share-based compensation of approximately $0.04 million in sales and marketing expenses on the condensed consolidated statement of operations.

During the nine months ended March 31, 2024, the Company issued approximately 391,000 unrestricted shares of common stock to various employees as compensation (including contractual bonus payments upon achievement of defined revenue milestones) and recorded share-based compensation of approximately $0.57 million in general and administrative and sales and marketing expenses on the condensed consolidated statement of operations.

Common stock issued to Vendors

During the nine months ended March 31, 2025, the Company issued approximately 1,300 unrestricted shares of common stock to a vendor for services performed and recorded share-based expense of approximately $0.01 million in sales and marketing expenses on the condensed consolidated statement of operations.

During the nine months ended March 31, 2024, the Company issued approximately 34,000 unrestricted shares of common stock to various vendors for services performed and recorded share-based expense of approximately $0.09 million, primarily in sales and marketing expenses on the condensed consolidated statement of operations.

Common stock issued for Exercise of Stock Options

During the nine months ended March 31, 2025, the Company issued approximately 8,000 shares of common stock in cashless transactions upon exercise of the respective option grants and realized cash proceeds of zero.

During the nine months ended March 31, 2024, the Company issued approximately 9,000 shares of common stock in cashless transactions upon exercise of the respective option grants and realized cash proceeds of zero.

Common stock issued to satisfy Contingent Acquisition Obligations

During the nine months ended March 31, 2024, the Company issued approximately 714,000 shares of common stock, with a fair value of approximately $0.81 million, to satisfy a contingent acquisition obligation for the achievement of a certain revenue performance milestone related to the acquisition of S5D. In addition, the Company issued approximately 71,000 shares of common stock, with a fair value of approximately $0.17 million, to satisfy a contingent acquisition obligation for the achievement of revenue performance milestones by XRT.

Common stock issued to Board of Directors

During the nine months ended March 31, 2024, the Company issued approximately 258,000 shares of common stock to certain board members in return for canceling 443,000 fully vested stock options, and recorded share-based board compensation of approximately $0.37 million. In addition, the Company issued 75,000 shares of common stock to certain board members as calendar year 2024 compensation and recorded share-based board compensation of approximately $0.11 million. The expense for these issuances was recorded in general and administrative expenses on the condensed consolidated statement of operations.

Warrants

In connection with the July 2021 IPO, the November 2021 SPA and the December 2024 SPA, the Company issued warrants, which are exercisable into Company common shares on a one-for-one basis, as detailed below. The warrants are not publicly traded.

Warrants exercised since issuance are 100,000 warrants from the November 2021 SPA exercised in December 2024 and 760,000 warrants from the December 2024 SPA exercised in January 2025.

The remaining outstanding warrants as of March 31, 2025 are:

	Warrants Outstanding	Exercise Price	Expiration Date
July 2021 IPO	87,500	$ 7.00	June 2026
November 2021 SPA	481,000	$ 1.75	November 2026
November 2021 SPA	169,000	$ 1.75	May 2027
Total	737,500		

Employee Stock-Based Compensation

Stock Option issuance to Executives

In February 2023, pursuant to the Equity Incentive Plan, the Company granted certain executive officers 2.20 million stock options as a long-term incentive. The options have an exercise price of $7.00 per share. 0.22 million of these options vest ratably over four years (“Initial Options”). The remainder (“Target Options”) vest in fixed amounts based on achieving various revenue or common stock prices within seven years of grant date. Given the Company’s current stock price and revenue, the Company views the achievement of the milestones that would trigger vesting of the Target Options as remote.

Equity Incentive Plan

The Company’s 2016 Equity Incentive Plan (the “Plan”), as amended, has approximately 13.2 million common shares reserved for issuance. As of March 31, 2025, there were approximately 7.2 million shares available for issuance under the Plan. The shares available are after the granting of 1.98 million shares of executive Target Options.

The Company recognizes compensation expense relating to awards ratably over the requisite period, which is generally the vesting period.

Stock options have been recorded at their fair value. The Black-Scholes option-pricing model assumptions used to value the issuance of stock options under the Plan for the specific periods below are noted in the following table:

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2025	2024	2025	2024
Weighted average expected terms (in years)	5.6	4.9	5.6	4.9
Weighted average expected volatility	125.4%	103.8%	121.4%	103.5%
Weighted average risk-free interest rate	4.4%	4.2%	4.3%	4.2%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%

The grant date fair value for options granted during the nine months ended March 31, 2025 and 2024 was approximately $0.73 million and approximately $1.33 million, respectively.

The following is a summary of the Company's stock option activity for the nine months ended March 31, 2025 and 2024, excluding the executive Target Options:

		Weighted Average		
	Options	Exercise Price	Remaining Contractual Term (Yrs)	Intrinsic Value
Outstanding at July 1, 2024	3,643,880	$ 3.95	6.5	$ -
Options Granted	521,801	2.37	9.6	31,928
Options Exercised	(35,600)	2.50	2.1	-
Options Forfeited / Cancelled	(1,180,125)	4.55	6.9	7,429
Outstanding as of March 31, 2025	2,949,956	$ 3.46	6.0	$ -
Exercisable as of March 31, 2025	1,874,221	$ 3.78	4.8	$ -

The above table excludes executive Target Options: 1,980,000 granted, $7.00 exercise price, 7.87 remaining term in years, no intrinsic value. Vesting of these is considered remote.

		Weighted Average		
	Options	Exercise Price	Remaining Contractual Term (Yrs)	Intrinsic Value
Outstanding at July 1, 2023	6,128,381	$ 4.84	7.0	$ 1,676,966
Options Granted	1,153,662	2.32	9.8	128,315
Options Exercised	(25,000)	2.00	2.6	191
Options Forfeited / Cancelled	(3,418,851)	4.91	6.8	88
Outstanding as of March 31, 2024	3,838,192	$ 4.05	6.9	$ -
Exercisable as of March 31, 2024	2,234,420	$ 4.04	5.1	$ -

The above table excludes executive Target Options: 2,100,000 granted (includes 120,000 attributable to an executive who resigned in July 2024), $7.00 exercise price, 8.9 remaining term in years, no intrinsic value. Vesting of these is considered remote.

The intrinsic value of stock options activity for the nine months ended March 31, 2025 and 2024 was computed using a fair market value (fiscal year to date VWAP – volume weighted average price) of the common stock of $2.36 per share and $2.01 per share, respectively.

The intrinsic value of stock options outstanding and exercisable as of March 31, 2025 and 2024 was computed using the market closing price of $1.16 per share and $1.12 per share, respectively.

The Company's stock option-based expense for the three and nine months ended March 31, 2025 and 2024 consisted of the following:

	For the Three Months Ended March 31		For the Nine Months Ended March 31	
	2025	2024	2025	2024
Stock option-based expense :				
Research and development expenses	$ 50,245	$ 71,840	$ 171,855	$ 520,697
General and administrative expenses	81,363	65,362	303,206	238,905
Sales and marketing expenses	6,803	(32,704)	73,338	254,943
Board option expense	102,235	26,271	127,154	169,546
Total	$ 240,646	$ 130,769	$ 675,553	$ 1,184,091

There is no expense included for the executive Target Options.

As of March 31, 2025 total unrecognized compensation expense to employees, board members and vendors related to stock options was approximately $1.51 million (excluding executive Target Options vested value of $8.08 million, which vesting is considered remote) and is expected to be recognized over a weighted average period of 1.81 years (which excludes the executive Target Options).

NOTE 10. EARNINGS PER SHARE

The following table presents the computation of basic and diluted net loss per common share:

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
Numerator:	2025	2024	2025	2024
Net loss	$ (1,502,202)	$ (1,542,256)	$ (2,490,522)	$ (2,400,066)
Denominator:				
Weighted-average common shares outstanding for basic and diluted net loss per share	20,999,445	17,195,322	19,161,661	16,194,523
Basic and diluted net loss per share	$ (0.07)	$ (0.09)	$ (0.13)	$ (0.15)

Potentially dilutive securities, on a weighted average basis, that were not included in the calculation of diluted net loss per share attributable to common stockholders because their effect would be anti-dilutive are as follows (in common equivalent shares):

	For the Three Months Ended March 31		For the Nine Months Ended March 31	
	2025	2024	2025	2024
Options	4,977,117	6,376,729	5,340,569	7,087,312
Warrants	788,167	837,500	1,074,507	837,500
Total	5,765,283	7,214,229	6,415,076	7,924,812

Stock options include 1,980,000 and 2,100,000 executive Target Options at March 31, 2025 and 2024, respectively. Vesting of these is considered remote.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Lease Costs

The Company made cash payments for all operating leases for the nine months ended March 31, 2025 and 2024, of approximately $0.37 million and approximately $0.46 million, respectively, which were included in cash flows from operating activities within the condensed consolidated statements of cash flows. As of March 31, 2025, the Company's operating leases have a weighted average remaining lease term of 0.74 years and weighted average discount rate of 8.13%.

The total rent expense for all operating leases for the three months ended March 31, 2025 and 2024, was approximately $0.07 million and approximately $0.21 million, respectively.

The total rent expense for all operating leases for the nine months ended March 31, 2025 and 2024, was approximately $0.27 million and approximately $0.35 million, respectively.

An early lease termination gain of approximately $0.03 million was recorded in general and administrative expenses on the condensed statement of operations for the nine months ended March 31, 2025.

Lease Commitments

The Company has various operating leases for its offices. These existing leases have remaining lease terms ranging from approximately 0 to 2 years. Certain lease agreements contain options to renew, with renewal terms that generally extend the lease terms by 1 to 3 years for each option. The Company determined that none of its current leases are reasonably certain to renew.

Future undiscounted lease payments for the Company's operating lease liabilities and a reconciliation of these payments to its operating lease liabilities as of March 31, 2025 are as follows:

Years Ended June 30,		
2025 (3 remaining months)	$	64,716
2026		183,882
2027		4,775
Total future minimum lease commitments, including short-term leases		253,373
Less: future minimum lease payments of short -term leases		(78,750)
Less: imputed interest		(7,272)
Present value of future minimum lease payments, excluding short term leases	$	167,351
Current portion of operating lease liabilities	$	147,900
Non-current portion of operating lease liabilities		19,451
Total operating lease liability	$	167,351

Contingent Consideration for Acquisitions

Contingent consideration for acquisitions consists of the following as of March 31, 2025 and June 30, 2024, respectively (see Note 7):

	As of March 31, 2025	As of June 30, 2024
BLI, current portion	$ 1,468,663	$ 1,431,761
XRT	-	35,714
Subtotal current portion	1,468,663	1,467,475
BLI, net of current portion	-	1,413,696
Total contingent consideration for acquisitions	$ 1,468,663	$ 2,881,171

In addition, S5D had significantly underperformed revenue expectations that were employed to determine fair value at acquisition. The possibility of achieving any remaining revenue targets to trigger additional consideration was remote and all earned consideration had been paid. Accordingly, there is no future contingent consideration recorded related to the S5D acquisition as of June 30, 2024. The contingent consideration payout period ended in January 2025 with no further consideration payments made.

Potential Future Distributions Upon Divestiture or Sale

In some instances, upon a divestiture or sale of a subsidiary company or capital raise into subsidiary company, the Company is contractually obligated to distribute a portion of the net proceeds or capital raise to the senior management team of the divested subsidiary company. No material distribution payments are currently owed or expected. See Note 4.

NOTE 12. SUBSEQUENT EVENTS

None.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and cash flows of our Company as of and for the periods presented below. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and our audited financial statements and notes thereto, and related disclosures, as of and for the fiscal year ended June 30, 2024, which are included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 filed with the Securities and Exchange Commission (the "SEC"). Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "we," "us," "our" or "the Company," refer to The Glimpse Group, Inc., a Nevada corporation and its entities.

Cautionary Statement Regarding Forward-Looking Statements

The information in this discussion contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. These forward-looking statements include, but are not limited to, statements concerning our strategy, future operations, future financial position, future revenues, projected costs, prospects and plans and objectives of management. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 filed with the SEC and in our other filings with the SEC. The forward-looking statements are applicable only as of the date on which they are made, and we do not assume any obligation to update any forward-looking statements.

Overview

We are an Immersive technology company, providing enterprise focused Virtual Reality (VR), Augmented Reality (AR) and Spatial Computing software and services (Immersive technologies). Glimpse's operating entities are located in the United States. We believe that we offer significant exposure to the rapidly growing and potentially transformative Immersive technology markets, while mitigating downside risk via our diversified model and ecosystem.

Our ecosystem of Immersive technology entities, collaborative environment and diversified business model aims to simplify the challenges faced by companies in the emerging Immersive technology industry, create scale, build operational efficiencies, reduce time to market and enhance go-to-market synergies, while simultaneously providing investors an opportunity to invest directly via a diversified infrastructure.

The Immersive technology industry is an early-stage technology industry with nascent markets. We believe that this industry has significant growth potential across verticals, may be transformative, and that our diversified ecosystem create important competitive advantages. We currently target a wide array of industry verticals, including but not limited to: Corporate Training, Education, Healthcare, Government & Defense, Branding/Marketing/Advertising, Retail, Media & Entertainment, Corporate Events and Social VR support groups and therapy. We focus primarily on the business-to-business (B2B) and business-to-business-to-consumer (B2B2C) segments, and we are hardware agnostic.

In fiscal year 2024, we shifted our businesses focus to providing immersive technology solutions software and services (the "Strategic Shift") that are primarily driven by Spatial Computing, Cloud and Artificial Intelligence (AI), which we refer to as "Spatial Core." We believe that Spatial Core is a key differentiator, growth driver and competitive advantage for us.

At the time of this filing, we have approximately 44 full time employees, primarily software developers, engineers and 3D artists.

The Glimpse Group, Inc. was incorporated in June 2016 under the laws of the State of Nevada, and is headquartered in New York, New York.

Business Organization Chart (as of March 31, 2025):

GL GLIMPSE LEARNING

XR Learning Technology

GLIMPSE LENSES

AR Lenses & 3D Models

FORETELL REALITY

Therapy, Universities & Training

Financial Highlights for the three and nine months ended March 31, 2025 compared to the three and nine months ended March 31, 2024.

Results of Operations

The following table sets forth our results of operations for the three months and nine months ended March 31, 2025 and 2024:

Summary P&L

	For the Three Months Ended March 31,		Change		For the Nine Months Ended March 31,		Change	
	2025	2024	$	%	2025	2024	$	%
	(in millions)				(in millions)			
Revenue	$ 1.42	$ 1.90	$ (0.48)	-25%	$ 7.03	$ 7.08	$ (0.05)	-1%
Cost of Goods Sold	0.40	0.57	(0.17)	-30%	2.06	2.41	(0.35)	-15%
Gross Profit	1.02	1.33	(0.31)	-23%	4.97	4.67	0.30	6%
Total Operating Expenses	2.60	2.93	(0.33)	-11%	7.58	7.26	0.32	4%
Loss from Operations before Other Income	(1.58)	(1.60)	0.02	1%	(2.61)	(2.59)	(0.02)	1%
Other Income	0.08	0.06	0.02	33%	0.12	0.19	(0.07)	-37%
Net Loss	$ (1.50)	$ (1.54)	$ 0.04	3%	$ (2.49)	$ (2.40)	$ (0.09)	-4%

Revenue

	For the Three Months Ended March 31,		Change		For the Nine Months Ended March 31,		Change	
	2025	2024	$	%	2025	2024	$	%
	(in millions)				(in millions)			
Software Services	$ 1.28	$ 1.47	$ (0.19)	-13%	$ 6.64	$ 6.51	$ 0.13	2%
Software License/Software as a Service	0.14	0.43	(0.29)	-67%	0.39	0.57	(0.18)	-32%
Total Revenue	$ 1.42	$ 1.90	$ (0.48)	-25%	$ 7.03	$ 7.08	$ (0.05)	-1%

Total revenue for the three months ended March 31, 2025 was approximately $1.42 million compared to approximately $1.90 million for the three months ended March 31, 2024, a decrease of 25%. The decrease reflects the revenue recognition timing of certain projects and license renewals. Total revenue for the nine months ended March 31, 2025 was approximately $7.03 million compared to approximately $7.08 million for the nine months ended March 31, 2024, flat period over period. This reflects a new Spatial Core customer replacing certain legacy non-Spatial core customers.

We break out our revenues into two main categories - Software Services and Software License.

- Software Services revenues are primarily comprised of Immersive technology projects, services related to our software licenses and consulting retainers.

- Software License revenues are comprised of the sale of our internally developed Immersive technology software as licenses or as software-as-a-service (SaaS).

For the three months ended March 31, 2025, Software Services revenue was approximately $1.28 million compared to approximately $1.47 million for the three months ended March 31, 2024, a decrease of 13%. The decrease reflects the revenue recognition timing of certain projects. For the nine months ended March 31, 2025, Software Services revenue was approximately $6.64 million compared to approximately $6.51 million for the nine months ended March 31, 2024, an increase of 2%. The increase reflects a new Spatial Core customer replacing certain legacy non-Spatial core customers.

For the three months ended March 31, 2025, Software License revenue was approximately $0.14 million compared to approximately $0.43 million for the three months ended March 31, 2024, a decrease of 67%. For the nine months ended March 31, 2025, Software License revenue was approximately $0.39 million compared to approximately $0.57 million for the nine months ended March 31, 2024, a decrease of 32%. The decrease for both periods reflects the timing of license renewals and the divestiture of the QReal business.

Customer Concentration

Three customers accounted for approximately 52% (32%, 10% and 10%, respectively) of the Company's total gross revenues during the three months ended March 31, 2025. One of the same customers and another customer accounted for approximately 58% (35% and 23%, respectively) of the Company's total gross revenues during the nine months ended March 31, 2025. Two customers accounted for approximately 40% (25% and 15%, respectively) of the Company's total gross revenues during the three months ended March 31, 2024. The same two customers and another customer accounted for approximately 48% (23%, 15% and 10%, respectively) of the Company's total gross revenues during the nine months ended March 31, 2024.

Gross Profit

	For the Three Months Ended March 31,		Change		For the Nine Months Ended March 31,		Change	
	2025	2024	$	%	2025	2024	$	%
	(in millions)				(in millions)			
Revenue	$ 1.42	$ 1.90	$ (0.48)	-25%	$ 7.03	$ 7.08	$ (0.05)	-1%
Cost of Goods Sold	0.40	0.57	(0.17)	-30%	$ 2.06	2.41	(0.35)	-15%
Gross Profit	1.02	1.33	(0.31)	-23%	4.97	4.67	0.30	6%
Gross Profit Margin	72%	70%			71%	66%		

Gross profit margin was approximately 72% for the three months ended March 31, 2025, compared to approximately 70% for the three months ended March 31, 2024. The increase reflects the revenue mix having less labor costs. Gross profit margin was approximately 71% for the nine months ended March 31, 2025 compared to approximately 66% for the nine months ended March 31, 2024. The increase reflects the revenue mix having less third party costs.

Operating Expenses

	For the Three Months Ended March 31,		Change		For the Nine Months Ended March 31,		Change	
	2025	2024	$	%	2025	2024	$	%
	(in millions)				(in millions)			
Research and development expenses	$ 0.83	$ 1.14	$ (0.31)	-27%	$ 2.61	$ 4.21	$ (1.60)	-38%
General and administrative expenses	1.16	1.23	(0.07)	-6%	2.95	3.37	(0.42)	-12%
Sales and marketing expenses	0.48	0.56	(0.08)	-14%	1.61	2.14	(0.53)	-25%
Amortization of acquisition intangible assets	0.10	0.29	(0.19)	-66%	0.33	0.95	(0.62)	-65%
Subtotal	$ 2.57	$ 3.22	$ (0.65)	-20%	$ 7.50	$ 10.67	$ (3.17)	-30%
Intangible asset and goodwill impairment	-	-	-	N/A	-	0.90	(0.90)	-100%
Change in fair value of acquisition contingent consideration	0.03	(0.29)	0.32	-110%	0.08	(4.31)	4.39	-102%
Total Operating Expenses	$ 2.60	$ 2.93	$ (0.33)	-11%	$ 7.58	$ 7.26	$ 0.32	4%

Operating expenses for the three months ended March 31, 2025 were approximately $2.60 million compared to approximately $2.93 million for the three months ended March 31, 2024, a decrease of 11%. Operating expenses for the nine months ended March 31, 2025 were approximately $7.58 million compared to approximately $7.26 million for the nine months ended March 31, 2024, an increase of 4%. Excluding the change in fair value of acquisition contingent consideration and intangible asset impairment, operating expenses decreased 20% and 30%, respectively, for the three and nine months ended March 31, 2025 compared to the comparable periods in 2024. The decrease reflects our Strategic Shift, divestiture of the QReal business and reduction in non core businesses.

Research and Development

Research and development expenses for the three months ended March 31, 2025 were approximately $0.83 million compared to approximately $1.14 million for the three months ended March 31, 2024, a decrease of 27%. Research and development expenses for the nine months ended March 31, 2025 were approximately $2.61 million compared to approximately $4.21 million for the nine months ended March 31, 2024, a decrease of 38%. The decreases for both periods reflect the divestiture of the QReal business, more efficient use of headcount (portion that is allocated to cost of goods sold) and other headcount reductions as part of our Strategic Shift.

General and Administrative

General and administrative expenses for the three months ended March 31, 2025 were approximately $1.16 million compared to approximately $1.23 million for the three months ended March 31, 2024, a decrease of 6%. The decrease reflects the divestiture of the Qreal business. General and administrative expenses for the nine months ended March 31, 2025 were approximately $2.95 million compared to approximately $3.37 million for the nine months ended March 31, 2024, a decrease of 12%. The decrease reflects the divestiture of the QReal business and certain corporate administrative cost reductions.

Sales and Marketing

Sales and marketing expenses for the three months ended March 31, 2025 were approximately $0.48 million compared to approximately $0.56 million for the three months ended March 31, 2024, a decrease of 14%. Sales and marketing expenses for the nine months ended March 31, 2025 were approximately $1.61 million compared to approximately $2.14 million for the nine months ended March 31, 2024, a decrease of 25%. The decrease for both periods reflect the divestiture of the QReal business, partially offset by an increase in revenue related incentive pay.

Amortization of Acquisition Intangible Assets

Amortization of acquisition intangible assets expense for the three months ended March 31, 2025 was approximately $0.10 million compared to approximately $0.29 million for the three months ended March, 2024, a decrease of 66%. Amortization of acquisition intangible assets expense for the nine months ended March 31, 2025 was approximately $0.33 million compared to approximately $0.95 million for the nine months ended March, 2024, a decrease of 65%. The decrease for both periods is attributable to the write off of Brightline Interactive's ("BLI") intangible assets – legacy customer relationships in June 2024.

Intangible Asset and Goodwill Impairment

Intangible asset and goodwill impairment for the three months ended March 31, 2025 and 2024 was zero. Intangible asset impairment for the nine months ended March 31, 2025 was zero compared to approximately $0.90 million for the nine months ended March 31, 2024. The $0.90 million impairment for the nine months ended March 31, 2024 represents the write-off of goodwill and the net intangible asset - technology attributable to the divestiture of PulpoAR, LLC.

Change in Fair Value of Acquisition Contingent Consideration

Change in fair value of acquisition contingent consideration for the three months ended March 31, 2025 was an expense of approximately $0.03 million compared to a gain of approximately $0.29 million for the three months ended March 31, 2024. Change in fair value of acquisition contingent consideration for the nine months ended March 31, 2025 was an expense of approximately $0.08 million compared to a gain of approximately $4.31 million for the nine months ended March 31, 2024. The expense in 2025 represents the change in the time value of money related to the present value of future consideration payments related to the BLI acquisition. The gain in 2024 was driven by revisions to revenue forecasts and a decrease in the common stock price of Glimpse between measurement dates.

Other Income

Other income was approximately $0.08 million and approximately $0.06 million, respectively, for the three months ended March 31, 2025 and 2024. Other income was approximately $0.12 million and approximately $0.19 million, respectively, for the nine months ended March 31, 2025 and 2024. This income represents interest income and reflects changes in cash and cash equivalent balances.

Net Loss

Net loss for the three months ended March 31, 2025 was approximately $1.50 million compared to a loss of approximately $1.54 million for the comparable 2024 period. Net loss for the nine months ended March 31, 2025 was approximately $2.49 million compared to a loss of approximately $2.40 million for the nine months ended March 31, 2024. Excluding the gains from change in fair value of acquisition contingent consideration and intangible asset impairment in 2024 (see Operating Expenses section above), the losses for the three and nine months ended March 31, 2024 were approximately $1.83 million and approximately $5.81 million, respectively. The reduction in loss based on this comparison reflects our Strategic Shift, divestiture of the QReal business and reduction in non core businesses.

Non-GAAP Financial Measures

The following discussion and analysis includes both financial measures in accordance with Generally Accepted Accounting Principles ("GAAP"), as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to, net income (loss), operating income (loss), cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of the Company nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP. Our management uses and relies on EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the aforementioned non-GAAP financial measures in planning, forecasting and analyzing future periods.

Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparisons. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the described excluded items.

The Company defines Adjusted EBITDA as income (or loss) from continuing operations before the items in the table below. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

We have included a reconciliation of our financial measures calculated in accordance with GAAP to the most comparable non-GAAP financial measures. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps investors make comparisons between the Company and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measures and the corresponding GAAP measures provided by each company under applicable SEC rules.

The following table presents a reconciliation of net loss to Adjusted EBITDA for the three and nine months ended March 31, 2025 and 2024:

	For the Three Months Ended March 31, 2025	For the Three Months Ended March 31, 2024	For the Nine Months Ended March 31, 2025	For the Nine Months Ended March 31, 2024
	(in millions)		(in millions)	
Net loss	$ (1.50)	$ (1.54)	$ (2.49)	$ (2.40)
Depreciation and amortization	0.12	0.32	0.39	1.04
EBITDA loss	(1.38)	(1.22)	(2.10)	(1.36)
Stock based compensation expenses	0.31	0.62	0.71	1.83
Loss on subsidiary divestiture	-	-	0.11	-
Gain on office lease termination	-	-	(0.03)	-
Non cash change in fair value of acquisition contingent consideration	0.03	(0.29)	0.09	(4.32)
Intangible asset and goodwill impairment	-	-	-	0.90
Non cash change in fair value of accrued performance bonus	-	-	-	(0.55)
Adjusted EBITDA loss	$ (1.04)	$ (0.89)	$ (1.22)	$ (3.50)

Adjusted EBITDA loss was approximately $1.04 million for the three months ended March 31, 2025 compared to an approximate $0.89 million loss for the three months ended March 31, 2024. This is primarily driven by reduced revenue. Adjusted EBITDA loss was approximately $1.22 million for the nine months ended March 31, 2025 compared to an approximate $3.5 million loss for the nine months ended March 31, 2024. The improvement reflects our Strategic Shift, divestiture of the QReal business and reduction in non core businesses.

Liquidity and Capital Resources

	For the nine Months Ended March 31, 2025	For the nine Months Ended March 31, 2024	Change $	Change %
	(in millions)			
Net cash used in operating activities	$ (0.13)	$ (4.28)	$ 4.15	97%
Net cash used in investing activities	(1.54)	(0.02)	(1.52)	N/A
Net cash provided by financing activities	6.88	2.97	3.91	-132%
Net increase (decrease) in cash and cash equivalents	5.21	(1.33)	6.54	N/A
Cash and cash equivalents, beginning of year	1.85	5.62	(3.77)	-67%
Cash and cash equivalents, end of period	$ 7.06	$ 4.29	$ 2.77	65%

Operating Activities

Net cash used in operating activities was approximately $0.13 million for the nine months ended March 31, 2025, compared to approximately $4.28 million during the nine months ended March 31, 2024, an improvement of 97%. This was driven by improved profit margins and expense reductions reflective of our Strategic Shift, divestiture of the QReal business and reduction in non core businesses.

Investing Activities

Net cash used in investing activities for the nine months ended March 31, 2025 was approximately $1.54 million compared to a negligible amount during the comparable 2024 period. The 2025 amount primarily represents a $1.50 million payment of contingent consideration related to the BLI acquisition.

Financing Activities

Net cash provided by financing activities during the nine months ended March 31, 2025 was approximately $6.88 million compared to approximately $2.97 million during the nine months ended March 31, 2024. Both periods represent proceeds of securities purchase agreements entered into with institutional investors.

Capital Resources

As of March 31, 2025, the Company had cash and cash equivalents of $7.06 million.

As of March 31, 2025, the Company had no outstanding debt obligations.

As of March 31, 2025, the Company had no issued and outstanding preferred stock.

As of March 31, 2025, contingent consideration for acquisition liabilities contains cash components ranging up to $1.50 million, potentially payable through September 2025 contingent on BLI achieving certain revenue milestones.

Recently Adopted Accounting Pronouncements

Please see Note 3 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q that describes the impact, if any, from the adoption of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Exchange Act, that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and 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.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of such period.

In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, we are required to apply judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Internal Control Over Financial Reporting

During the quarter ended March 31, 2025, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Our Annual Report on Form 10-K for the fiscal year ended June 30, 2024 contains a discussion of the material risks associated with our business. There have been no material changes to the risks described in such Annual Report on Form 10-K.

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

Recent Sale of Unregistered Equity Securities

During the three months ended March 31, 2025, the Company issued 11,750 shares of common stock for:

	Number of Shares	Cash Proceeds	Value of Shares
Compensation and vendor expense	11,750	$ -	$ 29,023
Total	11,750	$ -	$ 29,023

Please refer to Note 9 of the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The foregoing transactions were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description of Exhibit
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(b) or 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on this 15th day of May, 2025.

THE GLIMPSE GROUP, INC.

/s/ Lyron Bentovim
Lyron Bentovim
Chief Executive Officer
(Principal Executive Officer)

/s/ Maydan Rothblum
Maydan Rothblum
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Lyron Bentovim, Chief Executive Officer of The Glimpse Group, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Glimpse Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ Lyron Bentovim
Lyron Bentovim
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Maydan Rothblum, Chief Financial Officer of The Glimpse Group, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Glimpse Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2025

/s/ Maydan Rothblum
Maydan Rothblum
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Glimpse Group, Inc. (the “Company”) on Form 10-Q for the quarter ending March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, in the capacities and on the date indicated below, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the knowledge of each of the undersigned:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2025

/s/ Lyron Bentovim
Lyron Bentovim
Chief Executive Officer
(Principal Executive Officer)

/s/ Maydan Rothblum
Maydan Rothblum
Chief Financial Officer
(Principal Financial Officer)