

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **Seven Arts Entertainment Inc.**

3440 Oakcliff Road  
Suite 104  
Atlanta, GA 30340

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770-866-6250  
sevenartsentertainment.com  
sevenartsent@gmail.com  
7812

## **Quarterly Report**

For the period ending **March 31, 2023** (the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

2,038,444,252 as of 03/31/2023

1,503,444,252 as of 06/30/2022

### **Shell Status**

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

Yes:  No:

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

Yes:  No:

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>5</sup> of the company has occurred over this reporting period:

Yes:  No:

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

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

Seven Arts Entertainment Inc. as of 02/15/2018  
Wireless Connect Inc. from 10/15/2014 to 02/15/2018  
Seven Arts Entertainment Inc. from 06/11/2010 to 10/15/2014

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

The issuer's state of incorporation is Wyoming as of 10/15/2014  
The issuer's standing is Active in the state of Wyoming

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

None

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

None

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

3440 Oakcliff Road, Suite 104, Atlanta, GA 30340

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

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

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

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

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Transfer Online, Inc.  
Phone: 503-227-2950  
Email: info@transferonline.com  
Address: 512 SE Salmon St, Portland, OR 97214

**Publicly Quoted or Traded Securities:**

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

Trading symbol:	<u>SAPX</u>	
Exact title and class of securities outstanding:	<u>Common</u>	
CUSIP:	<u>81783N508</u>	
Par or stated value:	<u>.0001</u>	
Total shares authorized:	<u>3,000,000,000</u>	<u>as of date: 02/01/2023</u>
Total shares outstanding:	<u>2,038,444,252</u>	<u>as of date: 03/31/2023</u>
Total number of shareholders of record:	<u>442</u>	<u>as of date: 03/31/2023</u>

*All additional class(es) of publicly quoted or traded securities (if any):*

None

**Other classes of authorized or outstanding equity securities:**

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

Trading symbol:	<u>SAPX</u>	
Exact title and class of securities outstanding:	<u>Series D Preferred</u>	
CUSIP:	<u>None</u>	
Par or stated value:	<u>100.00</u>	
Total shares authorized:	<u>30,000</u>	<u>as of date: 08/27/2014</u>
Total shares outstanding:	<u>30,000</u>	<u>as of date: 03/31/2023</u>
Total number of shareholders of record:	<u>1</u>	<u>as of date: 03/31/2023</u>

Trading symbol:	<u>SAPX</u>	
Exact title and class of securities outstanding:	<u>Series A Preferred</u>	
CUSIP:	<u>None</u>	
Par or stated value:	<u>.01</u>	
Total shares authorized:	<u>10,000,000</u>	<u>as of date: 07/15/2021</u>
Total shares outstanding:	<u>6,000,000</u>	<u>as of date: 03/31/2023</u>
Total number of shareholders of record:	<u>1</u>	<u>as of date: 03/31/2023</u>

**Security Description:**

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

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

1 vote for every common share issued.

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

Series D Preferred allow 1 vote for every share issued. Series D Preferred are convertible into common stock at 100 times the average trading price for the previous 10 days at the time of conversion.  
Series A Preferred allow 1000 common share votes for every Series A share issued. Series A Preferred carry no additional rights or provisions.

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

None

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

None

**3) Issuance History**

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

**A. Changes to the Number of Outstanding Shares**

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>07/01/2020</u>									
Common: <u>4,003,444,252</u> Preferred D: <u>30,000</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion)  -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

<u>07/21/2021</u>	<u>New Issuance</u>	<u>6,000,000</u>	<u>Preferred A</u>	<u>.01</u>	<u>No</u>	<u>Jason Black</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>None</u>
<u>1/11/2022</u>	<u>Cancellation</u>	<u>2,500,000,000</u>	<u>Common</u>	<u>.0001</u>	<u>No</u>	<u>Richard Bjorklund</u>	<u>Salary</u>	<u>Restricted</u>	<u>None</u>
<u>08/17/2022</u>	<u>New Issuance</u>	<u>55,000,000</u>	<u>Common</u>	<u>.001</u>	<u>Yes</u>	<u>Capitol Capital Corp Howard Salamon</u>	<u>Cash</u>	<u>Unrestricted</u>	<u>144</u>
<u>12/28/2022</u>	<u>New Issuance</u>	<u>150,000,000</u>	<u>Common</u>	<u>.0001</u>	<u>Yes</u>	<u>Via Capital Jesus Cipriano</u>	<u>Cash</u>	<u>Unrestricted</u>	<u>144</u>
<u>02/21/2023</u>	<u>New Issuance</u>	<u>150,000,000</u>	<u>Common</u>	<u>.0001</u>	<u>Yes</u>	<u>Via Capital Jesus Cipriano</u>	<u>Cash</u>	<u>Unrestricted</u>	<u>144</u>
<u>03/06/2023</u>	<u>New Issuance</u>	<u>180,000,000</u>	<u>Common</u>	<u>.0001</u>	<u>Yes</u>	<u>Via Capital Jesus Cipriano</u>	<u>Cash</u>	<u>Unrestricted</u>	<u>144</u>
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>03/31/2023</u>									
Common: <u>2,038,444,252</u>									
Preferred D: <u>30,000</u>									
Preferred A: <u>6,000,000</u>									

#### A. Debt Securities, Including Promissory and Convertible Notes

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

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

<b>Date of Note Issuance</b>	<b>Outstanding Balance (\$)</b>	<b>Principal Amount at Issuance (\$)</b>	<b>Interest Accrued (\$)</b>	<b>Maturity Date</b>	<b>Conversion Terms (e.g. pricing mechanism for determining</b>	<b>Name of Noteholder.</b> <small>*You must disclose the control person(s) for any entities listed.</small>	<b>Reason for Issuance (e.g. Loan, Services, etc.)</b>

<u>09/24/2021</u>	<u>\$0</u>	<u>\$44,457</u>	<u>\$3,543</u>	<u>09/24/2022</u>	<u>9% per annum convertible at .0001</u>	<u>Capitol Capital Corp Howard Salamon</u>	<u>Loan</u>
<u>10/25/2021</u>	<u>\$47,490</u>	<u>\$42,075</u>	<u>\$5,415</u>	<u>10/25/2022</u>	<u>9% per annum convertible at .0001</u>	<u>Capitol Capital Corp Howard Salamon</u>	<u>Loan</u>
<u>12/17/2021</u>	<u>\$27,886</u>	<u>\$24,995</u>	<u>\$2,891</u>	<u>12/17/2022</u>	<u>9% per annum convertible at .0001</u>	<u>Capitol Capital Corp Howard Salamon</u>	<u>Loan</u>
<u>06/30/2022</u>	<u>\$48,201</u>	<u>\$45,151</u>	<u>\$3,050</u>	<u>06/30/2023</u>	<u>9% per annum convertible at .0001</u>	<u>Capitol Capital Corp Howard Salamon</u>	<u>Loan</u>
<u>12/28/2022</u>	<u>\$26,680</u>	<u>\$26,000</u>	<u>\$680</u>	<u>12/28/2023</u>	<u>9% per annum convertible at .0001</u>	<u>Via Capital Jesus Cipriano</u>	<u>Loan</u>
<u>01/10/2023</u>	<u>\$36,812</u>	<u>\$36,100</u>	<u>\$712</u>	<u>01/10/2024</u>	<u>9% per annum convertible at .0001</u>	<u>Via Capital Jesus Cipriano</u>	<u>Loan</u>

Use the space below to provide any additional details, including footnotes to the table above:

1. On December 27, 2022, Via Capital acquired all of the loans held by Capitol Capital Corp. in the Company, whereby debt conversions subsequent to December 27, 2022 would result in shares issuable to Via Capital.
2. On December 28, 2022 and January 10, 2023 Via Capital made direct loans to the Company of \$26,000 and \$36,100 respectively.
3. On February 21, 2023 and March 06, 2023 the Company issued 150,000,000 and 180,000,000 common shares respectively to Via Capital, completing the note issued on September 24, 2021.

#### 4) Issuer's Business, Products and Services

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

Film and music production

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

The issuer has two subsidiaries, Seven Arts Music Inc, and Muse Media LLC.

C. Describe the issuers' principal products or services.

The issuer produces film and music for domestic and international release.

#### 5) Issuer's Facilities

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

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

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

The issuer leases approximately 3000 sq. ft. of mixed-use space, consisting of offices and production facilities, located at 3440 Oakcliff Road, Suite 104, Atlanta, GA 30340, at \$3500 a month plus utilities.

#### 6) Officers, Directors, and Control Persons

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

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

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

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Jason Black</u>	<u>CEO/Director Owner of more than 5%</u>	<u>Marietta Georgia</u>	<u>6,000,000</u>	<u>Preferred A</u>	<u>60%</u>	<u>CEO as of 06/04/2021</u>
<u>Thom Hazaert</u>	<u>Director</u>	<u>Green Bay Wisconsin</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Director as of 08/22/2022</u>

## 7) Legal/Disciplinary History

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

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

None

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

None

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

None

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

None

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



In 2016 Arrowhead Capital Finance Ltd sued the issuer in the US District Court of New York for loans due in 2009 from Seven Arts Pictures Ltd, the issuer's predecessor. On June 5, 2018 the court found the issuer liable and awarded Arrowhead \$2,496,160, plus 9% per annum, until paid.

In July of 2021, following a series of online slanders made against the issuer, George Sharp, an OTC CEO, described in social media as a "failed stock promoter" and a "litigious penny stock gadfly", with an extensive history of filing civil claims against public companies, initiated a lawsuit against the issuer in San Diego Superior Court. The matter remains pending and the issuer will continue to vigorously defend against Mr. Sharp's actions.

## 8) Third Party Service Providers

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

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Anthony Newton  
Firm: The Law Offices of Anthony F. Newton  
Address 1: PO Box 16877  
Address 2: Sugar Land TX, 77496  
Phone: 832-452-0269  
Email: tony.newton@yahoo.com

Accountant or Auditor

None

Investor Relations

None

*All other means of Investor Communication:*

Twitter: @SAPX\_7arts  
Discord: N/A  
LinkedIn: N/A  
Facebook: N/A  
[Other ] Public Press Releases via Accesswire

Other Service Providers

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

None

## 9) Financial Statements

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

- IFRS  
 U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>6</sup>:

Name: Jason Black  
Title: CEO  
Relationship to Issuer: President

Describe the qualifications of the person or persons who prepared the financial statements: **The financial statements are prepared in accordance with U.S. GAAP by Jason Black, who is the principal financial officer of the Issuer. Mr. Black has over 10 years of experience managing businesses and preparing financial statements. Since 2019 Mr. Black has prepared financial statements, as the principal financial officer, for several OTC Markets alternative reporting companies and is thus well-qualified from this experience to prepare the Issuer's financial statements.**

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

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

## 10) Issuer Certification

*Principal Executive Officer:*

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

The certifications shall follow the format below:

I, Jason Black certify that:

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

05/20/2023

/s/ Jason Black

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

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<sup>6</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

*Principal Financial Officer:*

I, Jason Black certify that:

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

05/20/2023

/s/ Jason Black

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



**SEVEN ARTS ENTERTAINMENT, INC.**  
**(SAPX)**

**QUARTERLY REPORT**  
**FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2023**

May 20, 2023

3440 Oakcliff Road, Suite 104  
Atlanta  
GA 30340

**SEVEN ARTS ENTERTAINMENT, INC.**  
**QUARTERLY REPORT**  
**FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2023**  
**(Unaudited)**

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**SEVEN ARTS ENTERTAINMENT, INC.**  
**Condensed Consolidated Unaudited Financial Statements**  
**Balance Sheet**

	Notes	As at March 31, 2023	As at June 30, 2022
<b>ASSETS</b>			
<u>Current assets</u>			
Cash and cash equivalents	2	\$ 18	\$ 20,583
Deposits		3,500	-
Other current assets	5	3,000	8,000
<b>Total current assets</b>		<b>6,518</b>	<b>28,583</b>
<u>Fixed assets</u>			
Property, plant & equipment	6	1,400	1,400
Accumulated depreciation	6	(350)	(140)
Goodwill	7	60,000	60,000
Accumulated amortization	7	-	-
<b>TOTAL ASSETS</b>		<b>\$ 67,568</b>	<b>\$ 89,843</b>
<b>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</b>			
<u>Current liabilities</u>			
Accrued expenses		\$ 2,250	\$ 2,250
Loans & notes payable, short-term or current, net of unamortized debt discount of \$57,894	8	129,175	178,761
Related party loans & notes payable, short-term or current	12	28,175	22,970
Other liabilities	13	3,241,507	3,241,507
Derivative liability	10	2,488,991	2,691,436
<b>TOTAL LIABILITIES</b>		<b>\$ 5,890,098</b>	<b>\$ 6,136,924</b>
<b>STOCKHOLDERS' DEFICIT</b>			
Preferred stock:			
Preferred stock Series A: par value \$0.01, 10,000,000 authorized and 6,000,000 issued and outstanding at March 31, 2023 and June 30, 2022	9	60,000	60,000
Preferred stock Series D: par value \$100.00, 30,000 authorized and 30,000 issued and outstanding at March 31, 2023 and June 30, 2022	9	3,000,000	3,000,000
Common stock: par value \$0.0001, 3,000,000,000 and 1,800,000,000 authorized and 2,038,444,252 and 1,503,444,252 issued and outstanding at March 31, 2023 and June 30, 2022 respectively	9	775,018	721,518
Additional paid-in capital		36,621,015	36,571,515
Accumulated deficit		(46,278,563)	(46,400,114)
<b>TOTAL STOCKHOLDERS' DEFICIT</b>		<b>(5,822,530)</b>	<b>(6,047,081)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		<b>\$ 67,568</b>	<b>\$ 89,843</b>

See accompanying notes to these condensed consolidated unaudited financial statements.

**SEVEN ARTS ENTERTAINMENT, INC.**  
**Condensed Consolidated Unaudited Financial Statements**  
**Statement of Operations**

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2022	2023	2022
Revenues	\$ -	\$ 15,000	\$ -	\$ 20,000
Cost of goods sold	-	-	-	-
Gross profit	-	15,000	-	20,000
Operating expenses				
Selling, general & administrative expenses	12,035	32,370	85,467	141,249
Depreciation & amortization	70	70	210	70
Total operating expenses	12,105	32,440	85,677	141,319
Net operating loss	(12,105)	(17,440)	(85,677)	(121,319)
Other income (expenses)				
Bank charges	(70)	(5)	(113)	(200)
Bank/loan interest accrued	(7,569)	(3,611)	(12,911)	(63,548)
Non-cash interest, convertible loan	(468,889)	-	(806,548)	(5,595,585)
Amortization of debt discount	(51,456)	(40,108)	(44,292)	(82,021)
Gain (loss) on revaluation of derivative liability	(3,210)	4,139,368	1,071,093	2,109,224
Other income (expenditure) net	-	-	-	3,950
Net income (loss) before income taxes	\$ (543,299)	\$ 4,078,204	\$ 121,552	\$ (3,749,499)
Provision for income taxes	-	-	-	-
Net income (loss)	\$ (543,299)	\$ 4,078,204	\$ 121,552	\$ (3,749,499)
Net income (loss) per share	\$ (0.00)	\$ 0.00	\$ 0.00	\$ (0.00)
Weighted average shares outstanding	1,873,444,252	2,753,444,252	1,873,444,252	2,753,444,252

See accompanying notes to these condensed consolidated unaudited financial statements.

**SEVEN ARTS ENTERTAINMENT, INC.**  
**Condensed Consolidated Unaudited Financial Statements**  
**Statement of Cash Flow**

	Nine Months Ended March 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 121,552	\$ (3,749,499)
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:		
Depreciation and amortization	210	70
Amortization of debt discount	44,292	82,021
(Gain) loss on revaluation of derivative liability	(1,071,093)	(2,109,224)
Non-cash interest, convertible loan	806,548	5,595,585
Financing costs	13,024	63,748
Changes in operating assets and liabilities:		
Accounts payable and other current liabilities	-	3,429
Other current assets	1,500	(8,000)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	<b>(83,967)</b>	<b>(121,870)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (purchase) of tangible assets	-	(1,400)
Sale (purchase) of intangible assets	-	(60,000)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>-</b>	<b>(61,400)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity	-	60,000
Proceeds from (repayment of) debt instruments	71,221	170,046
Related party loans	5,205	17,220
Financing costs	(13,024)	(63,748)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>63,402</b>	<b>183,518</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(20,565)</b>	<b>248</b>
Cash, beginning of period	20,583	-
Cash, end of period	<u>\$ 18</u>	<u>\$ 248</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
<u>Supplemental schedules of non-cash investing and financing activities</u>		
Conversion of debt to common or preferred stock	<u>\$ 103,000</u>	<u>\$ -</u>

See accompanying notes to these condensed consolidated unaudited financial statements.



**SEVEN ARTS ENTERTAINMENT, INC.**  
**Condensed Consolidated Unaudited Financial Statements**  
**Statement of Changes in Stockholders' Equity**

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Surplus (Deficit)	Total
	Number	Value	Number	Value			
Balance b/f as at July 1, 2021	30,000	\$ 3,000,000	4,003,444,252	\$ 721,518	\$ 36,571,515	\$ (43,533,361)	\$ (3,240,328)
Preferred stock issued for acquisition	6,000,000	60,000	-	-	-	-	60,000
Common stock cancelled	-	-	(2,500,000,000)	-	-	-	-
Net loss, year ending June 30, 2022	-	-	-	-	-	(2,866,753)	(2,866,753)
Balance b/f July 1, 2022	6,030,000	\$ 3,060,000	1,503,444,252	\$ 721,518	\$ 36,571,515	\$ (46,400,114)	\$ (6,047,081)
Common stock issued to repay debt	-	-	535,000,000	53,500	49,500	-	103,000
Net income, nine months ended March 31, 2023	-	-	-	-	-	121,552	121,552
Balance c/f as at March 31, 2023	<u>6,030,000</u>	<u>\$ 3,060,000</u>	<u>2,038,444,252</u>	<u>\$ 775,018</u>	<u>\$ 36,621,015</u>	<u>\$ (46,278,563)</u>	<u>\$ (5,822,530)</u>

See accompanying notes to these condensed consolidated unaudited financial statements.

**SEVEN ARTS ENTERTAINMENT, INC.**  
**Condensed Consolidated Unaudited Financial Statements**  
**Notes For the Three and Nine Months Ended March 31, 2023**

**NOTE 1. NATURE AND BACKGROUND OF BUSINESS**

The accompanying consolidated financial statements include Seven Arts Entertainment, Inc. (the 'Company', 'we' or 'us'), a Wyoming corporation, its wholly-owned subsidiaries and any majority controlled interests.

The Company is the continuation of certain business of Seven Arts Pictures PLC ('PLC'), which was founded in 2002 by Peter Hoffman as an independent motion picture production and distribution business, engaged in the development, acquisition, production, and licensing of theatrical motion pictures for exhibition in domestic (ie. the US and Canada) and foreign theatrical markets, and for subsequent worldwide release in other forms of media, including home video/dvd and pay and free television.

Following approval by shareholders at a meeting held on June 10, 2010, the Company was formed on June 11, 2010 and became a wholly-owned subsidiary of PLC. On this date, the Company entered into an Asset Transfer Agreement, as amended on January 27, 2011 and again on August 31, 2011, transferring all assets from 'PLC' to the Company in exchange for assumption by the Company of all liabilities, as well as one share of Common Stock in the Company for every Ordinary Share of PLC previously distributed to shareholders. This share exchange was approved by NASDAQ Capital Markets on August 31, 2011 for the Company's NASDAQ listing to be effective as of September 1, 2011. On November 8, 2011, PLC was placed into voluntary creditors' liquidation under English law. Certain indebtedness of PLC remained with PLC and will be subject to administration or payment in those administration proceedings.

On January 1, 2012, Seven Arts Film Entertainment Limited sold all of its film assets to the Company in return for assumption of indebtedness. Seven Arts Film Entertainment Ltd ceased operations on May 31, 2013, on the closing of its office in London, England, and placed into voluntary liquidation on October 9, 2013.

On June 30, 2012, Seven Arts Film Entertainment Louisiana LLC ('SAFELA') was transferred to the Company. SAFELA had a 30-year lease to operate a film production and post-production facility at 807 Esplanade, New Orleans, Louisiana. The post-production facility commenced operations on July 1, 2012.

Seven Arts Pictures Louisiana LLC ('SAPLA') had entered into a credit agreement with Advantage Capital Community Development Fund LLC, dated October 11, 2007, for the acquisition and improvement of the production and post-production facility located at 807 Esplanade, New Orleans, Louisiana for aggregate principal advances of up to \$3,700,000. This agreement was guaranteed by the Company's predecessor. Approximately \$3,700,000 plus interest had been drawn down under the terms of this credit agreement by June 30, 2012. The Company assumed the liability in return for \$1,000,000, plus a contingent sum of \$750,000 (contingent on receipt of at least \$5,000,000 in cash proceeds from the tax credits to be earned by SAPLA) due to an agreement with the now mortgagor Palm Finance Corp. ('Palm'). A construction loan of \$1,950,000 previously guaranteed by the Company has now also been assumed by the Company, SAFELA. On August 28, 2014, the Company satisfied the obligations to Palm as discussed below.

Seven Arts Music, Inc. ('SAM') became a wholly-owned subsidiary of the Company on February 23, 2012, although transaction costs had been incurred as early as September 2011. The first of the DMX albums acquired from David Michery was released on September 11, 2012. The first of the Bones Thugs-N-Harmony albums was fully delivered to the Company as of June 30, 2013 and scheduled for release in November 2013. The agreements under which SAM acquired its music assets were effective as of September 29, 2011 (Big Jake Music or 'BJM') and December 19, 2011 (Michery Assets, 'Michery'), publicly announced and commenced business activities on those dates, though definitive agreements were not executed, nor control gained, until February 23, 2012.

On February 13, 2014, May 2, 2013 and August 31, 2012, the Company effected one-for-one hundred, one-for-fifty and one-for-seventy reverse stock splits, respectively, collectively referred to as the Stock Splits. Unless otherwise noted, all impacted amounts included in the consolidated financial statements and notes thereto have been retroactively adjusted for the Stock Splits. Unless otherwise noted, impacted amounts include shares of common stock authorized and outstanding, share issuances and cancellations, shares underlying preferred stock, convertible notes, warrants and stock options, shares reserved conversion prices of convertible securities, exercise prices of warrants and options, and loss per share.

On September 14, 2012, trading of the Company's common stock on NASDAQ was suspended due to the stock price not meeting or exceeding the minimum \$1.00 bid price per share for a minimum of ten trading days prior to September 20, 2012, the extended deadline given to the Company to meet this performance requirement. The Company's common stock commenced trading on OTC Market Group's OTCQB tier under the symbol 'SAPX'. On February 25, 2014, the Company's common stock was transferred by the OTC Markets Group, Inc. to the OTCPink tier under the same symbol.

On February 7, 2014, Peter Hoffman resigned as CEO, with Katrina Hoffman, his wife, appointed as replacement CEO.

On August 22, 2014, the Company closed the acquisition of 100% of the capital stock of iTerra Technologies, Inc. and 100% of the membership interests in Aeronetworks LLC from Sanwire Corporation by issuance of 30,000 shares of Preferred Stock Series D (\$100 par value, \$3,000,000 total price) convertible into shares of Common Stock at 100% of the volume-weighted average price of the Company's Common Stock for the ten (10) trading days prior to conversion. The closing was subject to a condition subsequent requiring the execution of a Loan Workout Agreement inter alia Palm Finance Corp ('Palm') and the Company, which was not executed until August 29, 2014. On Closing, the entire board, except Antony Hickox, resigned and Mr. Richard Bjorklund ('Chairman and CEO', replacing Katrina Hoffman) and Robert Riggs were appointed to the board. Ms. Candace Wernick resigned as CFO and was replaced by Mr. Robert Lasalle.

On October 15, 2014, the Company changed its name to 'Wireless Connect, Inc.' and redomiciled to Wyoming. The Company changed its name back to Seven Arts Entertainment, Inc. on October 15, 2015, but this was not filed with the February 15, 2018.

Mr. Robert Lasalle resigned as CFO on October 21, 2014, with the Company appointing Rachel Boulds as CFO on December 1, 2014. Mr. Robert Riggs resigned from the board on November 7, 2014, and was replaced by Mr. Bradley Holmes.

On October 15, 2015, Richard Bjorkland and Rachel Boulds resigned as CEO and CFO respectively, with Peter Hoffman re-appointed as CEO.

As of June 4, 2021, Peter Hoffman resigned as CEO and Jason Black was appointed as a director and CEO of the Company.

On July 21, 2021, the Company acquired a fully-owned subsidiary, Muse Media LLC ('Muse'), an Atlanta-based multimedia and entertainment company offering label services and producing compelling original content for streaming distribution. The business has an innovative approach to producing music, videos, and movies, as well as redefining distribution, promotion and access to content. Muse will operate in several capacities, including (i) as the Atlanta satellite of the Seven Arts, (ii) as a lower tier development arm for 'indie' style production concepts, music 'A&R' and test marketing, with film and music productions that show most promise advanced for further investment under Seven Arts; and (iii) spearheading all social media initiatives, hosting music videos, film promotions, and podcasts through platforms such as YouTube, TikTok, Twitter, Instagram, Facebook and others.

On August 16, 2021, the Company re-established its profile with OTC Markets to start reporting again to its shareholders, subsequently achieving Pink Current reporting status with OTC Markets on September 3, 2021.

On September 23, 2021, the Company secured a \$1.5 million credit line to be made available in tranches on request over a six month period. The funding is non-dilutive and designed to be repaid through partial revenues and royalties from upcoming projects funded with the proceeds.

On January 31, 2022, the Company announced a new film project under development, a biopic revolving around a Grammy nominated Los Angeles music icon who rose to prominence in the 1990s. In July 2022, the Company announced that it had completed principal photography and that it will also launch NFTs and an album in conjunction with the release of the documentary.

On July 20, 2022, the Company announced that it had established a new partnership with Ascended Entertainment. Operating in the Atlanta market, Ascended will oversee all post-production work for the Company's productions. In addition, the Company hired an experienced Pro Tools engineer, who will oversee all audio mixing and production needs.

On August 24, 2022, the Company announced that it had added to its board of directors Thom Hazaert, an entertainment industry icon who has participated in deals valued over US\$300 million within the music and film industries, to take a more active position in the Company's growth strategy as Chief Revenue Director and Director of A&R.

On November 15, 2022, the Company announced that its Board of Directors had approved a stock repurchase plan. Under the terms of this plan, the Company may repurchase \$2,000,000-worth of outstanding shares over 12 months, with all stock buybacks conducted according to market conditions and in accordance with all legal and SEC requirements.

On December 1, 2022, the Company announced that it had entered into an affiliate relationship with 4D FUN, whose volumetric modeling generates a 3D representation of a live recorded sequence, producing a fully immersive experience akin to a live performance.

Throughout the period since the formation of the Company, it has had continued operations in the areas of film and music production. Between June 11, 2010, when the Company was formed through a merger with Seven Arts Pictures PLC and August 10, 2016, the business operated in film production. Through the acquisition of different music businesses in late 2011, the Company operated its Seven Arts Music subsidiary, producing and distributing recorded music productions, an activity which continues today.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The accompanying financial statements have been prepared for Seven Arts Entertainment, Inc. in accordance with accounting principles generally accepted in the United States of America (US GAAP), with all numbers shown in US Dollars.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation of the financial statements have been included. The financial statements include acquired subsidiaries, as discussed below, and include all consolidation entries required to include those subsidiaries.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

For the Balance Sheet and Statement of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. The Company had no cash equivalents as at March 31, 2023 or June 30, 2022.

## Income Taxes

Income taxes are provided in accordance with the FASB Accounting Standards (ASC 740), Accounting for Income Tax. A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Any deferred tax expense (benefit) resulting from the net change during the year is shown as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it was more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

## Basic and Diluted Net Income (Loss) Per Share

Net income (loss) per unit is calculated in accordance with Codification topic 260, "Earnings per Share" for the periods presented. Basic net loss per share is computed using the weighted average number of common shares outstanding. Diluted loss per share has not been presented because the shares of common stock equivalents have not been included in the per share calculations as such inclusion would be anti-dilutive. Diluted earnings per share is based on the assumption that all dilutive stock options, warrants and convertible debt are converted or exercised applying the treasury stock method. Under this method, options, warrants and convertible debt are assumed exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase shares of common stock at the average market price during the period. Options, warrants and/or convertible debt will have a dilutive effect during periods of net profit only when the average market price of the units during the period exceeds the exercise or conversion price of the items.

## Stock Based Compensation

Codification topic 718 "Stock Compensation" requires that the cost resulting from all share-based transactions be recorded in the financial statements and establishes fair value as the measurement objective for share-based payment transactions with employees and acquired goods or services from non-employees. The codification also provides guidance on valuing and expensing these awards, as well as disclosure requirements of these equity arrangements. The Company adopted the codification upon creation of the Company and will expense share-based costs in the period incurred. The Company has not yet adopted a stock option plan and all share-based transactions and share based compensation has been expensed in accordance with the codification guidance.

## Convertible Instruments

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for "Accounting for Derivative Instruments and Hedging Activities". Professional standards generally provide three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instruments are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as "The Meaning of Conventional Convertible Debt Instrument".

The Company accounts for convertible instruments when it has determined that the embedded conversion options should not be bifurcated from their host instruments in accordance with professional standards when "Accounting for Convertible Securities with Beneficial Conversion Features," as those professional standards pertain to "Certain Convertible Instruments." Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying shares of common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares of common stock based upon the differences between the fair value of the underlying shares at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815-40 provides that, among other things, generally, if an event not within the entity's control could require net cash settlement, then the contract shall be classified as an asset or a liability.

## Fair Value of Financial Instruments

We adopted the guidance of ASC-820 for fair value instruments, which clarifies the definition of fair value, prescribes methods for determining fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value, as follows:

- Level 1            Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2            Inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3            Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts for cash, accounts receivable, accounts payable and accrued expenses, and loans payable approximate their fair value based on the short-term maturity of these instruments. We identified assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with the accounting guidance as at March 31, 2023, as detailed in Note 11, Derivative Liabilities, and no such assets or liabilities as at June 30, 2022.

ASC 825-10 "Financial Instruments" allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. We elected to apply the fair value option to outstanding instruments.

### Derivative Liabilities

Derivative financial instruments consist of convertible instruments and rights to shares of the Company's common stock. The Company assessed that it had derivative liabilities as at March 31, 2023, as detailed in Note 11, Derivative Liabilities, and no derivative liabilities as at June 30, 2022.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirement of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional, as described.

### Impact of New Accounting Standards

The Company does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position, or cash flow.

### NOTE 3. GOING CONCERN

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Currently, the Company does not have significant cash or other material assets, nor does it have operations or a source of revenue sufficient to cover its operation costs and allow it to continue as a going concern.

The Company has a limited operating history and had a cumulative net loss from inception to March 31, 2023 of \$46,278,563. The Company has a working capital deficit of \$5,883,580 as at March 31, 2023.

These financial statements for the nine months ended March 31, 2023 have been prepared assuming the Company will continue as a going concern, which is dependent upon the Company's ability to generate future profits and/or obtain necessary financing to meet its obligations as they come due.

The management has committed to an aggressive growth plan for the Company. The Company's future operations are dependent upon external funding and its ability to execute its business plan, realize sales and control expenses. Management believes that sufficient funding will be available from additional borrowings and private placements to meet its business objectives including anticipated cash needs for working capital, for a reasonable period of time. However, there can be no assurance that the Company will be able to obtain sufficient funds to continue the development of its business operation, or if obtained, upon terms favorable to the Company.

### NOTE 4. ACQUISITIONS AND DISPOSALS

The Company has made the following acquisitions:

#### Muse Media LLC

On July 21, 2021, the Company acquired Muse Media LLC ('Muse'), an Atlanta based production company, with the consideration for this acquisition being the issuance of 6,000,000 shares of Preferred Stock Series A. The purchase price was allocated as follows:

	Allocation
Cash on hand	\$ -
Current assets	-
Fixed assets	-
Current liabilities	-
Goodwill	<u>60,000</u>
<b>Total</b>	<b><u>\$ 60,000</u></b>

The assets and liabilities acquired totaled nil, with the balance of the purchase price of \$60,000 allocated to Goodwill.

#### Picture Pro LLC

On June 16, 2022, the Company announced it had purchased a 7.5% interest in Picture Pro LLC, a Los Angeles based production company, who raise capital for film productions. There was no cash outlay associated with this transaction at this stage, as it is based on an ongoing partnership between the Company and Picture Pro.

### NOTE 5. OTHER CURRENT ASSETS

The Company had the following current assets as at March 31, 2023 and June 30, 2022.

	March 31, 2023	June 30, 2022
Deposit on lease	\$ 3,000	\$ 8,000
Lease prepaid	3,500	-
<b>Totals</b>	<b>\$ 6,500</b>	<b>\$ 8,000</b>

Effective from January 1, 2022, the Company leased an office and production facility at 3440 Oakcliff Road, Suite 104, Atlanta, GA 30340, for \$3,500 per month plus utilities, necessitating the deposit shown above.

#### NOTE 6. FIXED ASSETS

The Company holds fixed assets with values at March 31, 2023 and June 30, 2022 as follows:

Asset	Useful Life (years)	March 31, 2023	June 30, 2022
Plant and equipment	5	\$ 1,400	\$ 1,400
Accumulated depreciation		(350)	(140)
<b>Total</b>		<b>\$ 1,050</b>	<b>\$ 1,260</b>

During the nine months ended March 31, 2023, a total of \$210 was charged to the Statement of Operations for depreciation.

#### NOTE 7. INTANGIBLE ASSETS

Based on the acquisition and disposal activity detailed in Note 4, the Company retained the following intangible assets as at March 31, 2023 and June 30, 2022:

Asset	Description	March 31, 2023	June 30, 2022
Intangible assets	Various music properties acquired by the Company from Big Jake Music and David Michery, now owned by Seven Arts Music ('SAM'), plus any music properties released since the formation of SAM	\$ -	\$ -
Goodwill	Muse Media LLC	60,000	60,000
<b>Total</b>		<b>\$ 60,000</b>	<b>\$ 60,000</b>

The Company, through its Seven Arts Music subsidiary, made the following music releases:

- the DMX and Machine Gun Kelly single release on August 7, 2012, titled 'I Don't Dance';
- the DMX album release on September 12, 2012, titled 'Undisputed';
- the Bone Thugs-N-Harmony album release on December 13, 2013, titled 'Art of War';
- the DMX compilation album release on January 13, 2015, titled 'Redemption of the Beast';
- the soundtrack album release on October 19, 2018 for the film 'London Fields'.

Due to the uncertainty of collecting royalties due on the various film and music properties included in the Company's assets, including lack of information on where, if at all, any royalties have been paid, the assets have been written down on the Company's balance sheet to zero.

Goodwill is not amortized but is reviewed on an annual basis for impairment to the carrying value. As at June 30, 2022, the Company has determined that there is no impairment to the carrying value of its current goodwill balance.

#### NOTE 8. LOANS AND NOTES PAYABLE

The Company had loans and notes payable as at March 31, 2023 and June 30, 2022 totaling \$187,069 and \$218,847 respectively, as follows:

Description	Principal Amount	Date of Loan Note	Maturity Date	March 31, 2023	June 30, 2022
Convertible loan from Capitol Capital Corp , 12 months at interest rate of 9%, convertible at \$0.001	\$ 51,135	8/1/2021	8/1/2022	\$ -	\$ 55,334
First tranche from line of credit from Capitol Capital Corp, 12 months at interest rate of 9%, repayable from operational cash flows - see Note 1 and 2 below	44,457	9/24/2021	9/24/2022	-	47,517
Second tranche from line of credit from Capitol Capital Corp, 12 months at interest rate of 9%, repayable from operational cash flows - see Note 1 below	42,075	10/25/2021	10/25/2022	47,490	44,648
Third tranche from line of credit from Capitol Capital Corp, 12 months at interest rate of 9%, repayable from operational cash flows - see Note 1 below	24,995	12/17/2021	12/17/2022	27,886	26,197
Fourth tranche from line of credit from Capitol Capital Corp, 12 months at interest rate of 9%, repayable from operational cash flows - see Note 1 below	45,151	6/30/2022	6/30/2023	48,201	45,151
Fifth tranche from line of credit from Via Capital, 12 months at interest rate of 9%, repayable from operational cash flows - see Note 1 below	26,000	12/15/2022	12/15/2023	26,680	-
Sixth tranche from line of credit from Via Capital, 12 months at interest rate of 9%, repayable from operational cash flows - see Note 1 below	36,100	1/10/2023	1/10/2024	36,812	-
Total				<u>\$ 187,069</u>	<u>\$ 218,847</u>
Long-term total				<u>\$ -</u>	<u>\$ -</u>
Short-term total				<u>\$ 187,069</u>	<u>\$ 218,847</u>
Loans and Notes Amortization				Amount Due	
Due within 12 months				\$ 187,069	
Due within 24 months				-	
Due within 36 months				-	
Due within 48 months				-	
Due after 48 months				-	
Total				<u>\$ 187,069</u>	

#### Notes

- On December 27, 2022, Via Capital acquired all of the loans held by Capitol Capital Corp. in the Company, whereby debt conversions subsequent to December 27, 2022 would result in shares issuable to Via Capital.
- On December 28, 2022 and January 10, 2023 Via Capital made direct loans to the Company of \$26,000 and \$36,100 respectively.
- On February 21, 2023 and March 06, 2023 the Company issued 150,000,000 and 180,000,000 common shares respectively to Via Capital, completing the note issued on September 24,2021

#### NOTE 9. CAPITAL STOCK

As at March 31, 2023 and June 30, 2022, the Company was authorized to issue Preferred Stock and Common Stock as detailed below.

##### Preferred Stock

At March 31, 2023 the Company had authorized Preferred Stock in two designations totaling 10,030,000 shares:

Preferred Stock Series A                      The Company is authorized to issue 10,000,000 shares of Series A, with a par value of \$0.01 per share. As at July 1, 2020, the Company had no shares of Series A preferred stock issued and outstanding.

On July 21, 2021, 6,000,000 shares of Preferred Stock Series A were issued as part of the acquisition of a new subsidiary, Muse Media LLC.

At March 31, 2023 the Company had 6,000,000 shares of Preferred Stock Series A issued and outstanding.

#### Preferred Stock Series D

The Company is authorized to issue 30,000 shares of Series D, with a par value of \$100.00 per share. As at July 1, 2020, the Company had 30,000 shares of Series D Preferred Stock issued and outstanding.

No shares of Series D Preferred Stock have been issued or canceled since.

As at March 31, 2023, the Company had a total of 6,030,000 shares of Preferred Stock issued and outstanding.

#### Common Stock

On February 13, 2014, May 2, 2013 and August 31, 2012, the Company effected one-for-one hundred, one-for-fifty and one-for-seventy reverse stock splits, respectively, collectively referred to as the Stock Splits. Unless otherwise noted, all impacted amounts included in the consolidated financial statements and notes thereto have been retroactively adjusted for the Stock Splits. Unless otherwise noted, impacted amounts include shares of common stock authorized and outstanding, share issuances and cancellations, shares underlying preferred stock, convertible notes, warrants and stock options, shares reserved conversion prices of convertible securities, exercise prices of warrants and options, and loss per share.

As at July 1, 2021, the Company was authorized to issue up to 4,500,000,000 shares of Common Stock with a par value of \$0.0001 per share. On March 14, 2022, the Company reduced the authorized common stock share capital by 2,700,000,000 to 1,800,000,000. On February 1, 2023, the authorized share capital was increased to 3,000,000,000.

As at March 31, 2023, the Company is authorized to issue up to 3,000,000,000 shares of Common Stock with par value of \$0.0001 per share.

As at July 1, 2021, the Company had 4,003,444,252 shares of Common Stock issued and outstanding.

On January 11, 2022 the Company bought back and canceled 2,500,000,000 shares of Common Stock from various shareholders.

On August 2, 2022 the Company issued 55,000,000 shares of Common Stock to a debt holder for debt conversion of \$55,000, or \$.001 per share.

On November 28, 2022 the Company issued 150,000,000 shares of Common Stock to a debt holder for debt conversion of \$15,000, or \$.0001 per share.

On February 21, 2023 the Company issued 150,000,000 shares of Common Stock to a debt holder for debt conversion of \$15,000, or \$.0001 per share.

On March 6, 2023 the Company issued 180,000,000 shares of Common Stock to a debt holder for debt conversion of \$18,000, or \$.0001 per share.

As at March 31, 2023, there were 2,038,444,252 shares of Common Stock issued and outstanding.

#### NOTE 10. DERIVATIVE LIABILITIES

The Company applies the provisions of ASC Topic 815-40, Contracts in Entity's Own Equity ("ASC Topic 815-40"), under which convertible instruments, which contain terms that protect holders from declines in the stock price (reset provisions), may not be exempt from derivative accounting treatment. As a result, embedded conversion options in convertible debt are recorded as a liability and are revalued at fair value at each reporting date. If the fair value of the note exceeds the face value of the related debt, the excess is recorded as change in fair value in operations on the issuance date.

The Company identified embedded derivatives related to the Convertible Loan Notes issued on August 1, 2021, September 14, 2021 and September 24, 2021 totaling \$95,592. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Notes and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Notes, the Company determined a fair value for the embedded derivative using the Black Scholes Model based on the following assumptions, and applied during the period ended September 30, 2021:

Dividend yield	0.00%
Volatility	122.66-196.14%
Risk-free rate	0.65-0.93%

The initial fair value of the embedded debt derivative was \$3,840,375. The proceeds of the note of \$95,592 were allocated as a debt discount. The amount in excess of the proceeds of the loan notes of \$3,744,783 was charged as interest to the Statement of Operations for the period.

The Company identified embedded derivatives related to the Convertible Loan Notes issued on October 12, 2021, October 26, 2021, November 18, 2021 and December 17, 2021, totaling \$67,070. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Notes and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Notes, the Company determined a fair value for the embedded derivative using the Black Scholes Model based on the following assumptions, and applied during the period ended December 31, 2021:



Dividend yield	0.00%
Volatility	165.23-349.53%
Risk-free rate	1.06-1.24%

The initial fair value of the embedded debt derivatives was \$1,917,872. The proceeds of the notes of \$67,070 were allocated as a debt discount. The amount in excess of the proceeds of the loan notes of \$1,850,802 was charged as interest to the Statement of Operations for the period.

The Company identified embedded derivatives related to the Convertible Loan Notes issued on April 1, 2022 and June 30, 2022, totaling \$45,151. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Notes and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Notes, the Company determined a fair value for the embedded derivative using the Black Scholes Model based on the following assumptions, and applied during the period ended June 30, 2022:

Dividend yield	0.00%
Volatility	88.15-104.91%
Risk-free rate	2.42-3.15%

The initial fair value of the embedded debt derivatives was \$801,175. The proceeds of the notes of \$45,151 were allocated as a debt discount. The amount in excess of the proceeds of the loan notes of \$756,024 was charged as interest to the Statement of Operations for the period.

The Company identified embedded derivatives related to the Convertible Loan Notes issued on or around December 15, 2022, totaling \$26,000. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Notes and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Notes, the Company determined a fair value for the embedded derivative using the Black Scholes Model based on the following assumptions, and applied during the period ended December 31, 2022:

Dividend yield	0.00%
Volatility	162.28%
Risk-free rate	3.65%

The initial fair value of the embedded debt derivatives was \$363,659. The proceeds of the notes of \$26,000 were allocated as a debt discount. The amount in excess of the proceeds of the loan notes of \$337,659 was charged as interest to the Statement of Operations for the period.

The Company identified embedded derivatives related to the Convertible Loan Notes issued on or around January 9, 2023, totaling \$36,100. These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Notes and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Notes, the Company determined a fair value for the embedded derivative using the Black Scholes Model based on the following assumptions, and applied during the period ended March 31, 2023:

Dividend yield	0.00%
Volatility	165.17%
Risk-free rate	3.65%

The initial fair value of the embedded debt derivatives was \$504,989. The proceeds of the notes of \$36,100 were allocated as a debt discount. The amount in excess of the proceeds of the loan notes of \$468,889 was charged as interest to the Statement of Operations for the period.

The fair value of the embedded debt derivative was reviewed at March 31, 2023, using the following inputs:

Dividend yield	0.00%
Volatility	165.66%
Risk-free rate	3.66%

The fair value of the embedded debt derivative at March 31, 2023 was \$2,488,991, a decrease in the valuation of the embedded debt derivative of \$1,071,093 for the period.

The following table provides a summary of changes in fair value of the Company's Level 3 derivative liabilities as at March 31, 2023:

	March 31, 2023,	June 30, 2022,
Balance, beginning of period	\$ 2,691,436	\$ -
Additions	868,648	6,559,422
Mark-to-market at modification date	(1,071,093)	(3,867,986)
Reclassified to additional paid-in capital upon modification of term	-	-
Balance, March 31, 2023	\$ 2,488,991	\$ 2,691,436
Net gain due to change in fair value for the period included in statement of operations	\$ 1,071,093	\$ 3,867,986

This mark-to-market decrease of \$1,071,093 for the period ended March 31, 2023 was charged to the statement of operations as a gain on change in value of derivative liabilities.

#### NOTE 11. INCOME TAXES

The Company uses the assets and liability method of accounting for income taxes pursuant to SFAS No. 109 "Accounting for Income Taxes". Under the assets and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Specifically, the pronouncement prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken from year ended December 31, 2015 tax return onwards. The interpretation also provides guidance on the related derecognition, classification, interest and penalties, accounting for interim periods, disclosure and transition of uncertain tax positions. The Company adopted this interpretation effective on inception.

For the year ended June 30, 2022, the Company had available for US federal income tax purposes net operating loss carryovers of \$46,377,144, all of which will expire by 2042.

The Company has provided a full valuation allowance against the full amount of the net operating loss benefit, since, in the opinion of management, based upon the earnings history of the Company, it is more likely than not that the benefits will not be realized.

	March 31, 2023	June 30, 2022
Statutory federal income tax rate	21.00%	21.00%
Statutory state income tax rate	0.00%	0.00%
Valuation allowance	(21.00%)	(21.00%)
Effective tax rate	<u>0.00%</u>	<u>0.00%</u>

Deferred income taxes result from temporary differences in the recognition of income and expenses for financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax assets result principally from the following:

<b>Deferred Tax Assets (Gross Values)</b>	March 31, 2023	June 30, 2022
Net operating loss carry forward	\$ (43,789,572)	\$ (43,708,678)
Less valuation allowance	43,789,572	43,708,678
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

#### NOTE 12. RELATED PARTY TRANSACTIONS

There were multiple related party transactions during the nine months ended March 31, 2023 and year ending June 30, 2022.

During both years, the Company's CEO paid various expenses and the balance is noted in related party loans.

#### NOTE 13. COMMITMENTS AND CONTINGENCIES

Owing to the various activities and multiple changes to the Company over the past several years, there are significant contingent assets and liabilities as at March 31, 2023 or June 30, 2022.

##### Contingent Assets

Numerous music releases have been made by the Company's subsidiary, Seven Arts Music ('SAM'), from which royalties due to the Company have been generated. However, these royalties have not been received by the Company and the Company's management has instigated an investigation to determine where these royalties have been directed. In consequence, the Company has not been able to recognize these royalties as revenues and the royalties, as yet unquantified, remain a contingent asset until their whereabouts can be determined. The following releases are such assets of the Company:

- the DMX and Machine Gun Kelly single release on August 7, 2012, titled 'I Don't Dance';
- the DMX album release on September 12, 2012, titled 'Undisputed';
- the Bone Thugs-N-Harmony album release on December 13, 2013, titled 'Art of War';
- the DMX compilation album release on January 13, 2015, titled 'Redemption of the Beast';
- the DMX compilation album release on January 13, 2015, titled 'Redemption of the Beast';
- the soundtrack album release on October 19, 2018 for the film 'London Fields'.

**Legal Action**

From time to time, the Company is subject to legal action that may be taken by third parties against the Company, or that may involve the Company in some way. Many such actions are insignificant and considered to be a part of the Company's daily activities; however, there are two actions that are of a significance to be disclosed:

*US -v- Peter Hoffman*

In February 2014, the Company's former CEO, Peter Hoffman, was indicted by Federal prosecutors on charges of mail and wire fraud for a tax scheme regarding the Louisiana Motion Picture Incentive Act. Following his conviction in April 2015, and a subsequent series of appeals, Mr. Hoffman ultimately had his sentence reduced to 20 months, which also continues to be subject to appeal. It is believed that there is no related liability to be borne by the Company in connection with this matter.

*Arrowhead Capital Finance Ltd -v- the Company*

In 2016, Arrowhead Capital Finance Ltd ('Arrowhead') sued the Company in the US District Court of New York (the 'Court') for loans due in 2009 from Seven Arts Pictures Ltd, the Company's predecessor. On January 3, 2020, the Court found the Company liable and awarded Arrowhead a judgement of \$2,496,160, plus interest at a rate of 9% per annum on the outstanding principal balance, until paid and accruing since June 5, 2018. The Company recognized a liability of \$2,496,160 on its balance sheet as of June 5, 2018, with interest applied on the principal at 9% since that date, and recognized as a cost in the Company's Statement of Operations.

**NOTE 14. SUBSEQUENT EVENTS**

The Company believes there are no significant events to report subsequent to March 31, 2023.