

## **Alternative Reporting Standard: Pink® Basic Disclosure Guidelines**

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 (“Exchange Act”) as well as Rule 144 of the Securities Act of 1933 (“Securities Act”), and state Blue Sky laws, require issuers to provide *current information* to the public markets. With a view to facilitating compliance with these laws, OTC Markets Group has created these Pink Basic Disclosure Guidelines (“Guidelines”).<sup>1</sup> These Guidelines set forth the disclosure obligations that make up the “Alternative Reporting Standard” for Pink companies. These Guidelines have been designed to encompass the “Catch All” information required in Rule 15c2-11,<sup>2</sup> however they have not been reviewed by the U.S. Securities and Exchange Commission or any state securities regulator. We use information provided by companies under these Guidelines to designate the appropriate tier in the Pink Market: Current Information or Limited Information.<sup>3</sup>

These Guidelines may be amended from time to time, in the sole and absolute discretion of OTC Markets Group, with or without notice. The information provided by companies under these Guidelines is subject to our [Privacy Policy](#).

### **Pink Current Information Tier**

Companies that make the information described below publicly available on a timely basis may qualify for the Current Information Tier.

Qualification Process:

1. **Subscribe to the OTC Disclosure & News Service:** by submitting an application through [Gateway](#). Allow OTC Markets 2-4 weeks of application processing time.
2. **Upload Initial Disclosure:** Upload the following documents through OTCIQ:
  - **All Quarterly Reports** for Current Fiscal Year – must include Disclosure Statement and Financial Reports listed below
  - **Annual Report** for Most Recently Completed Fiscal Year– must include Disclosure Statement and Financial Reports listed below
  - **Annual Report** for Prior Completed Fiscal Year – must include Financial Reports listed below
    - **Disclosure Statements:** Disclosure information pursuant to these Guidelines for the applicable period. (see the fillable form starting on Page 4).
    - **Financial Statements:** Financial reports must be prepared according to U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited. Required financial statements include:
      - Audit Letter, if audited
      - Balance Sheet
      - Statement of Income
      - Statement of Cash Flows
      - Statement of Retained Earnings (Statement of Changes in Stockholders’ Equity)
      - Notes to Financial Statements

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<sup>1</sup> This is not legal advice, and OTC Markets Group makes no assurance that compliance with our disclosure requirements will satisfy any legal requirements.

<sup>2</sup> Publication of information pursuant to these Guidelines does not guarantee or ensure that the Company will be designated as having “current information” or eligible for public quotations pursuant to Rule 15c2-11 or any other applicable regulation.

<sup>3</sup> OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for the Pink Current Information tier.

3. **Attorney Letter** (only required if not providing audited financials): If financial statements are not audited by a PCAOB registered firm, companies must retain U.S. counsel to review their disclosure and provide a letter to OTC Markets Group with respect to adequate current information by providing the following:
  - **Attorney Letter Agreement:** The attorney must submit a signed Attorney Letter Agreement according to the [Attorney Letter Agreement Instructions](#). The attorney is required to submit an Attorney Letter Agreement for each company that engages the attorney for the purpose of providing this Letter.
  - **Attorney Letter:** After a qualified attorney reviews the Disclosure Statement, upload the “Attorney Letter With Respect to Current Information” in accordance with the [Attorney Letter Guidelines](#) through OTCIQ. Attorney Letters must reference all required reports as set forth in Section 2 above.
4. **Verified Profile:** The Company must verify the Company Profile through OTCIQ, including, but not limited to, a complete list of officers, directors, and service providers; outstanding shares; a business description; contact information; and the name of all company insiders. Company insiders are defined as the beneficial owner of more than 10% of the outstanding units or shares of any class of any equity security of the issuer.
5. **OTC Markets Group Processing of Disclosure:** Allow OTC Markets Group to process the posted documents (typically three to five business days) and provide any comments. Companies will only be evaluated for Current Information once all required documentation has been submitted. A new Attorney Letter is required upon amendment of any referenced report.
6. **Ongoing Disclosure Requirements:** To qualify for Current Information on an ongoing basis, companies must:
  - Upload reports through OTCIQ on the following schedule:
    - Quarterly Report within **45 days** of the quarter end
    - Annual Report within **90 days** of the fiscal year end
    - Attorney Letter within **120 days** of the fiscal year end
  - Maintain a Verified Profile. At least once every six months, review and verify the Company’s profile information through OTCIQ.

### **Pink Limited Information Tier**

Companies that make the information described below publicly available through OTCIQ may qualify for the Limited Information Tier.

7. **Annual Financial Statements:** Companies must upload the below financial statements for a completed Fiscal Year within the past 16 months. Financial reports must be prepared according to U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.
  - Audit Letter, if audited
  - Balance Sheet
  - Statement of Income
  - Statement of Cash Flows
  - Statement of Retained Earnings (Statement of Changes in Stockholders’ Equity)
  - Notes to Financial Statements
8. **Verified Profile:** The Company must verify the Company Profile through OTCIQ, including, but not limited to, a complete list of officers, directors, and service providers; outstanding shares; a business description; contact information; and the name of all company insiders. Company insiders are defined as the beneficial owner of more than 10% of the outstanding units or shares of any class of any equity security of the issuer.
9. **Ongoing Disclosure Requirements:** To Qualify for Limited Information on an ongoing basis, companies must:
  - Upload reports through OTCIQ on the following schedule:
    - Annual Report (including the required financial statements outlined in Item 8) within 120 days of the fiscal year end

- Review and Verify the Company's profile information through OTCIQ at least once every 12 months.

### **Current Reporting of Material Corporate Events**

In addition to the disclosure requirements above, companies are expected to release quickly to the public any news or information regarding corporate events that may be material to the issuer and its securities (including adverse information). Persons with knowledge of such events are considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a news release **within four (4) business days** following their occurrence and posting such news release through an Integrated Newswire or OTCIQ.<sup>4</sup>

Material corporate events include:

- Entry into or termination of a material definitive agreement
- Completion of an acquisition or disposition of assets, including but not limited to merger transactions
- Creation of a direct financial obligation or an obligation under an off-balance sheet arrangement of an issuer
- Triggering events that accelerate or increase a direct financial obligation or an obligation under an off-balance sheet arrangement
- Costs associated with exit or disposal activities
- Material impairments
- Sales of equity securities
- Material modification to rights of security holders
- Changes in issuer's certifying accountant
- Non-reliance on previously issued financial statements or a related audit report or completed interim review
- Changes in control of issuer
- Departure of directors or principal officers; election of directors; appointment of principal officers
- Amendments to articles of incorporation or bylaws; change in fiscal year
- Amendments to the issuer's code of ethics, or waiver of a provision of the code of ethics
- Any changes to litigation the issuer may be involved in, or any new litigation surrounding the issuer
- Officer, director, or insider transactions in the issuer's securities
- Disclosure of investor relations, marketing, brand awareness, and stock promotion activities which might reasonably be expected to materially affect the market for its securities or otherwise deemed material by the issuer
- Changes to the company's shell status
- Other events the issuer determines to be material

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<sup>4</sup> "Integrated Newswire" shall mean a newswire service that is integrated with the OTC Disclosure & News Service and is included on OTC Markets Group's list of Integrated Newswires, as published on <https://www.otcm Markets.com/corporate-services/products/disclosure-and-news-service>

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

## **mPhase Technologies, Inc.**

245 Riverside Avenue, Suite 100  
Jacksonville, Florida 32202

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(941) 538-6257  
[www.pebble.tech](http://www.pebble.tech)  
[ir@pebble.tech](mailto:ir@pebble.tech)  
SIC Code 7372

## **Annual Report**

**For the period ending June 30, 2022 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

167,990,650 as of 07/28/2023

106,940,650 as of 06/30/2022

78,612,608 as of 06/30/2021

### **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:

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<sup>5</sup> "Change in Control" shall mean any events resulting in:

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

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.

mPhase Technologies, Inc. June 2, 1997 – Present

Lightpaths TP Technologies, Inc. April 7, 1997 – June 2, 1997

Tecma Laboratories, Inc. August 28, 1987 – April 7, 1997

Tecma Laboratory, Inc. December 18, 1979 – August 28, 1987

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):

New Jersey, active.

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:

245 Riverside Avenue, Suite 100  
Jacksonville, Florida 32202

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:*

245 Riverside Avenue, Suite 100  
Jacksonville, Florida 32202

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: Worldwide Stock Transfer, LLC

Phone: (201) 820-2008

Email: info@wwstr.com

Address: One University Plaza  
Suite 505  
Hackensack, NJ 07601

**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>XDSL</u>	
Exact title and class of securities outstanding:	<u>Common</u>	
CUSIP:	<u>62472C201</u>	
Par or stated value:	<u>\$0.01</u>	
Total shares authorized:	<u>500,000,000</u>	as of date: <u>June 30, 2022</u>
Total shares outstanding:	<u>106,940,650</u>	as of date: <u>June 30, 2022</u>
Total number of shareholders of record:	<u>96</u>	as of date: <u>June 30, 2022</u>

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

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding:	_____	as of date: _____
Total number of shareholders of record:	_____	as of date: _____

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding:	_____	as of date: _____
Total number of shareholders of record:	_____	as of date: _____

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

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

Exact title and class of the security:	_____	
CUSIP (if applicable):	_____	
Par or stated value:	_____	
Total shares authorized:	_____	as of date: _____
Total shares outstanding (if applicable):	_____	as of date: _____
Total number of shareholders of record	_____	

(if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

Exact title and class of the security: \_\_\_\_\_

CUSIP (if applicable): \_\_\_\_\_

Par or stated value: \_\_\_\_\_

Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_

Total shares outstanding (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

Total number of shareholders of record (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

### **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.**

Standard rights for common equity, including: voting power, ownership, the right to transfer ownership, a claim to dividends, and the right to inspect corporate documents.

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

N/A

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

N/A

**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.**

N/A

### **3) Issuance History**

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

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

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

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>06/30/2020</u> Common: 19,202,863 Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
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>07/09/2020</u>	<u>New Issuance</u>	<u>962,529</u>	<u>Common</u>	<u>\$0.0204</u>	<u>Yes</u>	<u>GS Capital / Gabe Sayegh</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/10/2020</u>	<u>New Issuance</u>	<u>513,940</u>	<u>Common</u>	<u>\$0.0204</u>	<u>Yes</u>	<u>Odyssey Capital / Ahron Fraiman</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/13/2020</u>	<u>New Issuance</u>	<u>547,930</u>	<u>Common</u>	<u>\$0.0204</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/15/2020</u>	<u>New Issuance</u>	<u>771,716</u>	<u>Common</u>	<u>\$0.0204</u>	<u>Yes</u>	<u>Odyssey Capital / Ahron Fraiman</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/16/2020</u>	<u>New Issuance</u>	<u>548,911</u>	<u>Common</u>	<u>\$0.0204</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/17/2020</u>	<u>New Issuance</u>	<u>620,401</u>	<u>Common</u>	<u>\$0.018</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/17/2020</u>	<u>New Issuance</u>	<u>1,100,432</u>	<u>Common</u>	<u>\$0.018</u>	<u>Yes</u>	<u>GS Capital / Gabe Sayegh</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/22/2020</u>	<u>New Issuance</u>	<u>832,189</u>	<u>Common</u>	<u>\$0.0166</u>	<u>Yes</u>	<u>GS Capital / Gabe Sayegh</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/22/2020</u>	<u>New Issuance</u>	<u>1,113,653</u>	<u>Common</u>	<u>\$0.0166</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/23/2020</u>	<u>New Issuance</u>	<u>726,984</u>	<u>Common</u>	<u>\$0.0189</u>	<u>Yes</u>	<u>Platinum Point Capital / Brian Friedman</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/23/2020</u>	<u>New Issuance</u>	<u>1,137,931</u>	<u>Common</u>	<u>\$0.0174</u>	<u>Yes</u>	<u>Power Up Lending / Curt Kramer</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/23/2020</u>	<u>New Issuance</u>	<u>1,137,931</u>	<u>Common</u>	<u>\$0.0174</u>	<u>Yes</u>	<u>Power Up Lending / Curt Kramer</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/27/2020</u>	<u>New Issuance</u>	<u>1,149,425</u>	<u>Common</u>	<u>\$0.0174</u>	<u>Yes</u>	<u>Power Up Lending / Curt Kramer</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>



<u>07/28/2020</u>	<u>New Issuance</u>	<u>639,080</u>	<u>Common</u>	<u>\$0.0174</u>	<u>Yes</u>	<u>Power Up Lending / Curt Kramer</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>07/29/2020</u>	<u>New Issuance</u>	<u>709,713</u>	<u>Common</u>	<u>\$0.0159</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>08/03/2020</u>	<u>New Issuance</u>	<u>711,810</u>	<u>Common</u>	<u>\$0.0159</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>08/03/2020</u>	<u>New Issuance</u>	<u>1,068,973</u>	<u>Common</u>	<u>\$0.0159</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>08/03/2020</u>	<u>New Issuance</u>	<u>2,038,218</u>	<u>Common</u>	<u>\$0.0159</u>	<u>Yes</u>	<u>Eagle Equities / Yakov Borenstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>12/02/2020</u>	<u>New Issuance</u>	<u>2,666,666</u>	<u>Common</u>	<u>\$0.36</u>	<u>No</u>	<u>CloseCom LTD/ Chris Smith</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>N/A</u>
<u>01/18/2021</u>	<u>New Issuance</u>	<u>559,076</u>	<u>Common</u>	<u>\$0.13</u>	<u>No</u>	<u>Stockvest / Art Brent</u>	<u>Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>01/20/2021</u>	<u>New Issuance</u>	<u>3,352,066</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Power Up Lending / Curt Kramer</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>01/25/2021</u>	<u>Cancellation</u>	<u>-3,352,066</u>	<u>Common</u>	<u>\$0.15</u>	<u>No</u>	<u>Anshu Bhatnagar</u>	<u>Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>02/09/2021</u>	<u>New Issuance</u>	<u>450,000</u>	<u>Common</u>	<u>\$0.27</u>	<u>No</u>	<u>SE Holdings / Aryeh Goldstein</u>	<u>Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>02/23/2021</u>	<u>New Issuance</u>	<u>1,032,918</u>	<u>Common</u>	<u>\$0.10</u>	<u>Yes</u>	<u>GW Holdings / Noah Weinstein</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>04/15/2021</u>	<u>New Issuance</u>	<u>450,000</u>	<u>Common</u>	<u>\$0.22</u>	<u>Yes</u>	<u>MZHCI LLC / Ted Haberfield</u>	<u>Note Payable Issuance</u>	<u>Restricted</u>	<u>N/A</u>
<u>04/15/2021</u>	<u>New Issuance</u>	<u>128,205</u>	<u>Common</u>	<u>\$0.04</u>	<u>Yes</u>	<u>Cutchens Group LLC /</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>04/15/2021</u>	<u>New Issuance</u>	<u>42,772</u>	<u>Common</u>	<u>\$0.12</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>04/15/2021</u>	<u>New Issuance</u>	<u>18,797</u>	<u>Common</u>	<u>\$0.27</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>04/15/2021</u>	<u>New Issuance</u>	<u>23,277</u>	<u>Common</u>	<u>\$0.21</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>07/30/2021</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.32</u>	<u>No</u>	<u>Maxim Group, LLC / Ritesh Veera</u>	<u>Advisory Services</u>	<u>Restricted</u>	<u>N/A</u>
<u>07/30/2021</u>	<u>New Issuance</u>	<u>250,000</u>	<u>Common</u>	<u>\$0.21</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>07/30/2021</u>	<u>New Issuance</u>	<u>17,241</u>	<u>Common</u>	<u>\$0.29</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>07/30/2021</u>	<u>New Issuance</u>	<u>14,493</u>	<u>Common</u>	<u>\$0.34</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>

<u>07/30/2021</u>	<u>New Issuance</u>	<u>11,691</u>	<u>Common</u>	<u>\$0.43</u>	<u>No</u>	<u>Cutchens Group LLC</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>09/07/2021</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$0.43</u>	<u>No</u>	<u>NYMM LLC / Jim Rhodes</u>	<u>Consulting</u>	<u>Restricted</u>	<u>N/A</u>
<u>10/18/2021</u>	<u>New Issuance</u>	<u>1,250,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>12/31/2021</u>	<u>New Issuance</u>	<u>1,250,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>02/10/2022</u>	<u>New Issuance</u>	<u>3,352,066</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Anshu Bhatnagar</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>N/A</u>
<u>04/25/2022</u>	<u>New Issuance</u>	<u>3,209,243</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC / Jeff Pazdro</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>05/10/2022</u>	<u>New Issuance</u>	<u>4,323,308</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC / Jeff Pazdro</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>06/06/2022</u>	<u>New Issuance</u>	<u>4,600,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC / Jeff Pazdro</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>06/23/2022</u>	<u>New Issuance</u>	<u>4,800,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC / Jeff Pazdro</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
<u>06/28/2022</u>	<u>New Issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>Evergreen Capital Mgmt., LLC / Jeff Pazdro</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Rule 144</u>
Shares Outstanding on Date of This Report:									
<u>Ending</u> _____ <u>Balance</u>									
<u>Ending Balance:</u>									
Date <u>June 30, 2022</u> Common: <u>106,940,650</u>									
Preferred: _____									

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

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

\_\_\_\_\_

## B. Promissory and Convertible Notes

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

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder.  *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g., Loan, Services, etc.)
<u>04/10/2010</u>	<u>109,000</u>	<u>1,200,000</u>	<u>136,520</u>	<u>04/10/2012</u>	<u>Converts to common stock at \$20.00 per share</u>	<u>JMJ Financial / Justin Keener</u>	<u>Loan</u>
<u>08/15/2019</u>	<u>5,000</u>	<u>5,000</u>	<u>940</u>	<u>02/15/2020</u>	<u>Converts to common stock at \$0.25 per share</u>	<u>ADMK Holdings, LLC Aaron Kalish</u>	<u>Loan</u>
<u>04/14/2022</u>	<u>280,000</u>	<u>280,000</u>	<u>28,000</u>	<u>04/14/2023</u>	<u>Converts to common stock at 70% of the lowest closing price for prior 20 days</u>	<u>GS Capital / Gabe Sayegh</u>	<u>Loan</u>
<u>06/24/2022</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>2,000</u>	<u>12/22/2022</u>	<u>Converts to common stock at \$0.20 per share.</u>	<u>AJB Capital, Ari Blaine</u>	<u>Loan</u>
<u>Various</u>	<u>605,000</u>	<u>2,346,000</u>	<u>102,699</u>	<u>Various</u>	<u>Converts to common stock at \$0.20 per share</u>	<u>Evergreen Capital / Jeff Pazdro</u>	<u>Loan</u>
<u>Various</u>	<u>4,276,131</u>	<u>2,797,795</u>	<u>295,584</u>	<u>Various</u>	<u>Converts to common stock at \$0.20 per share</u>	<u>Helios/Dunlop/ Chester White Chris Jarrous</u>	<u>Loan</u>

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

See Note 9; of the Financial Statements

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

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

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

mPhase is a global climate technology company rebranding as "MyPebble" to offer a suite of cloud-based mobility and consumer engagement services that incentivize consumers for purchases and lifestyle choices that promote sustainability goals. The Company currently has 20 employees (contractor and direct); with a corporate office in Jacksonville, Florida; sales and operations personnel in multiple U.S. locations (including California and New York); a software development team in Wales; and operations personnel in Scotland and Spain. The Company's primary business is concentrated on the development and commercialization of Software as a Service platform offerings that rely on mobile devices to promote sustainability. The Company targets both business customers and consumers via a subscription model designed to generate multiple recurring revenue streams.

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

Pebble Group, Jacksonville, Florida

C. Describe the issuers' principal products or services.

mPhase is a climate technology company rebranding as "MyPebble" to offer a suite of cloud-based mobility and consumer engagement services that incentivize consumers for purchases and lifestyle choices that promote sustainability goals. The MyPebble platform combines patented Wi-Fi anonymous-onboarding technology, proprietary AI, location awareness, tokenization, game-mechanics, EV-charger geofencing, a sustainable products marketplace, and an expanding network of applications to make personal sustainability easier and more rewarding. The MyPebble experience is unique in that it is tailored to each individual's tastes and needs, creating highly customizable sales opportunities for retailers, along with a scalable platform to benefit from the evolution to EV-centric travel and commerce.

## 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.

mPhase currently has a single lease consisting of office space for its corporate headquarters in Florida, located at 245 Riverside Avenue, Suite 100, Jacksonville, Florida 32202. The current monthly lease is approximately \$1,280.

## 6) Officers, Directors, and Control Persons

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

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

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

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Richard Thorpe	CEO	Helensburgh, Scotland	0			
Chris Smith	COO	Usk, Wales	0			
Thomas Fore	Director	Baltimore, MD	0			
Suhas Subramanyam	Director	Brambleton, VA	0			
Chester White	Director	Moss Beach, California	0			
James Engler	Director	Reisterstown, MD	0			

## 7) Legal/Disciplinary History

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

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

No

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;

No

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

No

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.

No

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.

Effective December 10, 2018, the Company entered into a "Judgment Settlement Agreement" to satisfy in full the Forbearance Agreement with Fife that was previously in effect. As a result, under the Judgment Settlement Agreement, no shares of the Company's common stock are issuable or eligible to be converted into. Under the terms of the Judgment Settlement Agreement, the Company was required to pay \$15,000 per month from January 15, 2019 through and including February 15, 2020, with a final payment of \$195,000 which was due and payable in March of 2020. The Company made all required payments with the exception of the final payment of \$195,000 which was due and payable in March of 2020. On August 17, 2020, the Company entered into a second amendment (the "Second Amendment") to the Judgment Settlement Agreement, whereby the Company issued a convertible promissory note in the principal amount of \$300,000 (the "Note") to repay the amounts still outstanding under the Judgment Settlement Agreement. The Note matures on August 17, 2021, bears interest at a rate of 10% per annum, requires certain monthly minimum cash payments as specified in the Note, and is convertible into shares of the Company's common stock, par value \$0.01 per share, at a conversion price as specified in the Note. The Note may be prepaid by the Company at any time prior to maturity without penalty. The Company satisfied the initial cash payment as specified in the Note. On April 13, 2021, the Company entered into a third amendment (the "Third Amendment") to the Judgment Settlement Agreement, whereby the Company issued a convertible promissory note in the principal amount of \$300,000 (the "New Note") to replace the Note and repay the amounts still outstanding under the Judgment Settlement Agreement. The Note matures on April 13, 2022, bears interest at a rate of 10% per annum, requires certain monthly minimum payments in cash or the Company's common stock as specified in the New Note, and is convertible into shares of the Company's common stock, par value \$0.01 per share, at a conversion price as specified in the New Note. The New Note may be prepaid by the Company at any time prior to maturity without penalty. On

April 16, 2021, the Company paid \$235,000 to satisfy, pay in full, and extinguish the New Note and the Judgement Settlement Agreement, which resulted in a gain on debt settlement of \$549,026 during the year ended June 30, 2021.

On or about March 4, 2022, Martin Smiley, Karen Durando, Abraham Biderman, Eagle Strategic Advisers, LLC, Congregation Chazon Avrohom, and Edward Suozzo (collectively, "Plaintiffs," or the "Prior Board") filed a lawsuit in the Circuit Court for Montgomery County, Maryland, Smiley, et al., v. Bhatnagar, et al., Circuit Court for Montgomery County, Case No. C-15-CV-22-001015 (the "Smiley action"). In this lawsuit, Plaintiffs filed a derivative lawsuit for damages and injunctive relief against the Defendant Anshu Bhatnagar ("Bhatnagar"), former CEO of the Company, and included mPhase Technologies ("mPhase") as a Nominal Defendant. The Complaint in the Smiley action alleges, among other things, breach of contract, fraud, negligent misrepresentation, and breach of fiduciary duty, and seeks approximately \$5 million.

On August 12, 2022, while the Smiley action was pending, Bhatnagar filed a separate complaint for damages against the Company (the "Bhatnagar Complaint"). On October 19, 2022, the Company filed counterclaims against Mr. Bhatnagar (the "mPhase Counterclaim"). See Anshu Bhatnagar v. mPhase Technologies, Inc., Circuit Court for Montgomery County, Case No. C-15-CV-22-002971. (Collectively, the "Bhatnagar action"). The mPhase counterclaim in the Bhatnagar Complaint alleges, among other things, breach of contract, common law fraud, fraudulent inducement, securities fraud, breach of fiduciary duty, and a declaratory judgment voiding the issuance of ill-gotten shares and warrants of the company. Bhatnagar claims damages in excess of \$12 million.

On or about January 13, 2023, the Court granted the Company's Motion to Consolidate the two matters. Both matters are now under the Smiley action's caption, Case No. C-15-CV-22-001015 (the "Consolidated Action"). The trial is scheduled for this October 2023. Preliminary injunction hearings occurred on March 17, 2023, June 20, 2023 and June 27, 2023. Discovery is ongoing, the first deposition was incurred in March 2023. Separately, the Company has conducted its own investigation into the facts and circumstances underlying the allegations in the various pleadings in the Consolidated Action.

## 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: [Lucosky Brookman LLP](#)  
Address 1: 101 Wood Avenue South  
Address 2: Woodbridge, NJ 08830  
Phone: 732-395-4400  
Email: info@lucbro.com

Accountant or Auditor

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

Investor Relations

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

*All other means of Investor Communication:*

Twitter: [pebble \(@pebble\\_group\) / Twitter](#)  
Discord: \_\_\_\_\_  
LinkedIn: <https://www.linkedin.com/company/pebble-group/>  
Facebook: [Pebble.group | Jacksonville FL | Facebook](#)  
[Other ] \_\_\_\_\_

Other Service Providers

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

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

**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: **James Engler**  
Title: **Director, Audit Committee Chairperson**  
Relationship to Issuer: **Director**

Describe the qualifications of the person or persons who prepared the financial statements: **Mr Engler previously was a senior manager at PricewaterhouseCoopers LLP for 15 years, serving large SEC filers and private companies primarily in the power and utility industry**

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)

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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.

f. Financial Notes

Important Notes:

- Financial statements must be “machine readable”. Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.



## 10) Issuer Certification

### *Principal Executive Officer:*

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

The certifications shall follow the format below:

I, Richard Thorpe, certify that:

1. I have reviewed this Disclosure Statement for mPhase Technologies, 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.

July 28, 2023 [Date]

/s/ Richard Thorpe [CEO's Signature]

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

### *Principal Financial Officer:*

I, James Engler, certify that:

1. I have reviewed this Disclosure Statement for mPhase Technologies, 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.

July 28, 2023 [Date]

/s/ James Engler [CFO's Signature]

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

## **Financial Statements**

<b>Description</b>	<b>Pages</b>
<a href="#">Consolidated Balance Sheets</a>	F-2
<a href="#">Consolidated Statements of Operations and Other Comprehensive Loss</a>	F-3
<a href="#">Consolidated Statements of Changes in Stockholders' Deficit</a>	F-4
<a href="#">Consolidated Statements of Cash Flows</a>	F-5
<a href="#">Notes to the Consolidated Financial Statements</a>	F-7

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**mPHASE TECHNOLOGIES, INC.**  
**CONSOLIDATED BALANCE SHEETS (unaudited)**

	<u>June 30, 2022</u>	<u>June 30, 2021</u> As Restated
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 808,646	\$ 2,470,887
Prepaid expenses	40,177	238,898
Other assets	<u>202,237</u>	<u>41,493</u>
<b>Total Current Assets</b>	1,051,060	2,751,278
Property and equipment, net	297	16,518
Intangible asset - purchased software, net	934,959	1,180,181
Other assets	<u>25,189</u>	<u>3,553</u>
<b>Total Assets</b>	<u>\$ 2,011,505</u>	<u>\$ 3,951,530</u>
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 8,983,951	\$ 809,239
Accrued expenses	2,729,545	1,145,511
Due to related parties	58,545	87,688
Note payable to former officer	19,505	509,971
Notes payable	1,878,737	323,218
Convertible notes payable, net	5,054,207	1,285,726
Current portion, liabilities in arrears with convertible features	109,000	109,000
Derivative liability	<u>435,189</u>	<u>-</u>
<b>Total Current Liabilities</b>	19,268,679	4,270,353
Notes payable, net of current portion	<u>146,890</u>	<u>146,890</u>
<b>Total Liabilities</b>	19,415,569	4,417,243
<b>Stockholders' Deficit</b>		
Common stock, \$0.01 par value; 500,000,000 shares authorized and 106,940,650 shares issued and outstanding at June 30, 2022, and 78,612,608 shares issued and outstanding at June 30, 2021	1,069,408	786,127
Additional paid-in-capital	240,502,477	237,549,176
Common stock to be issued	390,620	63,700
Accumulated other comprehensive income (loss)	12,205	(22,441)
Accumulated deficit	<u>(259,378,774)</u>	<u>(238,842,275)</u>
<b>Total Stockholders' Deficit</b>	(17,404,064)	(465,713)
<b>Total Liabilities and Stockholders' Deficit</b>	<u>\$ 2,011,505</u>	<u>\$ 3,951,530</u>

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

**mPHASE TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME**  
**(LOSS) (unaudited)**

	<b>For the Years Ended June 30,</b>	
	<b>2022</b>	<b>2021 As Restated</b>
Revenue	\$ -	\$ -
Cost of revenue	-	-
Gross Profit	-	-
Operating Expenses:		
Salaries and benefits	1,129,047	1,085,526
General and administrative expenses	2,631,542	710,900
Total Operating Expenses	3,760,589	1,796,426
Operating income (loss)	(3,760,589)	(1,796,426)
Other Income (Expense):		
Interest expense	(1,772,505)	(758,601)
(Loss) gain on change in fair value of derivative liability, net of initial derivative expense	(181,825)	3,267,323
Initial derivative liability expense	(542,038)	(2,240,908)
Amortization of debt discounts, deferred financing costs, and original issue discounts	(3,157,286)	(1,859,499)
(Loss) gain on debt settlements	(83,000)	549,026
Loss on debt extinguishments	(624,316)	(399,278)
Default principal increase on notes payable	(1,198,285)	-
Loss on accounts receivable factoring agreement	(1,140,000)	-
Loss on misappropriation of assets	(7,916,282)	(166,767)
Allowance for foreign taxes	(45,092)	-
Impairment of intangible asset	(115,281)	-
Total Other Income (Expense)	(16,775,910)	(1,608,704)
Loss before income taxes	(20,536,499)	(3,405,130)
Income taxes	-	-
Net loss	\$ (20,536,499)	\$ (3,405,130)
Other comprehensive income (loss):		
Unrealized gain (loss) on foreign currency translation adjustment	34,646	(58,268)
Comprehensive loss	\$ (20,501,853)	\$ (3,463,398)
Loss per common share:		
Loss per common share – basic and diluted	\$ (0.25)	\$ (0.05)
Weighted average shares outstanding – basic and diluted	83,540,439	73,133,533

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

**mPHASE TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021(unaudited)**

	Common Stock		Additional	Common	Other		Total
	Shares	\$0.01 Par Value	Paid in Capital	Stock to be Issued	Comprehensive Loss	Accumulated Deficit	Stockholders' Equity
<b>Balance June 30, 2020</b>	<b>19,174,492</b>	<b>\$ 191,745</b>	<b>\$ 231,984,704</b>	<b>\$ 955,466</b>	<b>\$ 113,070</b>	<b>\$(227,727,420)</b>	<b>\$ 5,517,565</b>
Balance adjustments due to restatement (unaudited)	28,370	284	(274)		(77,242)	(7,709,725)	(7,786,957)
<b>Restated Balance June 30, 2020</b>	<b>19,202,862</b>	<b>\$ 192,029</b>	<b>\$ 231,984,430</b>	<b>\$ 955,466</b>	<b>\$ 35,828</b>	<b>\$(235,437,145)</b>	<b>\$ (2,269,392)</b>
Issuance of Common Stock for conversions of convertible promissory notes	20,716,750	207,168	1,389,719				1,596,887
Issuance of Common Stock for exchange of warrants	37,390,452	373,905	(220,604)				153,301
Issuance of Common Stock for CloseComms acquisition	2,666,666	26,667	928,799	(955,466)			-
Issuance of Common Stock for vendor services	1,422,127	14,221	183,146	63,700			261,067
Issuance of Common Stock for note payable issuance	450,000	4,500	117,000				121,500
Stock-based compensation for restricted shares under employment agreements	115,817	1,158	(32,395)				(31,237)
Cancellation of Common Stock of former CEO	(3,352,066)	(33,521)	(462,585)				(496,106)
Relative fair value of warrants issued and beneficial conversion feature of convertible promissory notes			3,661,666				3,661,666
Other comprehensive loss					(58,269)		(58,269)
Net loss						(3,405,130)	(3,405,130)
<b>Restated Balance June 30, 2021</b>	<b>78,612,608</b>	<b>\$ 786,127</b>	<b>\$ 237,549,176</b>	<b>\$ 63,700</b>	<b>\$ (22,441)</b>	<b>\$(238,842,275)</b>	<b>\$ (465,713)</b>
<b>June 30, 2021</b>							
Issuance of Common Stock for conversions of convertible promissory notes	24,432,551	244,326	1,933,105				2,177,431
Issuance of Common Stock for extinguishment of former CEO promissory note	3,352,066	33,521	629,518				663,039
Issuance of Common Stock for vendor services	543,425	5,434	142,226	(63,700)			83,960
Stock-based compensation for restricted shares under employment agreements			(9,733)				(9,733)
Relative fair value of warrants issued with convertible promissory notes			229,475				229,475
Stock-based compensation for stock options issued for Board of Directors services			28,710				28,710
Issuance of Common Stock for Board of Directors services				177,500			177,500
Issuance of Common Stock for convertible promissory notes issuance				213,120			213,120
Other comprehensive income					34,646		34,646
Net loss						(20,536,499)	(20,536,499)
<b>Balance June 30, 2022</b>	<b>106,940,650</b>	<b>\$1,069,408</b>	<b>\$ 240,502,477</b>	<b>\$ 390,620</b>	<b>\$ 12,205</b>	<b>\$(259,378,774)</b>	<b>\$ (17,404,064)</b>

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

**mPHASE TECHNOLOGIES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

	<b>For the Years Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (20,536,499)	\$ (3,405,130)
<i>Adjustments to reconcile net loss to net cash from operating activities:</i>		
Amortization of debt discount, deferred financing costs, and original issue discount	4,233,328	1,929,180
Default principal increase on notes payable	1,198,285	-
Loss on accounts receivable factoring agreement	1,140,000	-
Loss (gain) on extinguishment and settlement of debt	707,316	(149,748)
Loss (gain) on change in fair value of derivative liability, net of initial derivative expense	723,863	(1,026,415)
Allowance for foreign taxes	45,092	-
Stock-based compensation	280,437	383,131
Impairment of intangible asset	108,062	-
Depreciation and amortization	18,556	22,760
<i>Changes in operating assets and liabilities:</i>		
Decrease (increase) in prepaid expenses	144,721	(180,421)
Increase in other assets	(173,680)	(2,904)
Increase in accounts payable and accrued expenses	8,814,423	839,986
Net cash used in operating activities	<u>(3,296,095)</u>	<u>(1,589,562)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(2,357)	(3,064)
Net cash used in investing activities	<u>(2,357)</u>	<u>(3,064)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from accounts receivable factoring agreement	2,910,000	-
Proceeds from issuance of convertible notes payable, net	1,661,778	5,219,431
Proceeds from notes payable to related parties	450,000	-
Proceeds from notes payable	-	288,000
Repayments of notes payable	(362,250)	-
Repayments of convertible notes payable	(833,333)	(1,053,500)
Repayments of accounts receivable factoring agreement	(2,224,630)	-
Repayments of notes payable to related parties	-	(224,595)
Repayments under settlement agreement	-	(250,000)
Net cash provided by financing activities	<u>1,601,565</u>	<u>3,979,336</u>
Effect of foreign exchange rate changes on cash	34,646	(58,269)
Net (decrease) increase in cash	<u>(1,662,241)</u>	<u>2,328,441</u>
Cash at beginning of year	2,470,887	142,446
Cash at end of year	<u>\$ 808,646</u>	<u>\$ 2,470,887</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	<u>\$ 43,470</u>	<u>\$ 514,176</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

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

	For the Years Ended	
	June 30,	
	2022	2021
		As Restated
<b>Supplemental disclosure of non-cash operating activities:</b>		
Initial fair value of derivative liability recorded as debt discount	\$ -	\$ 853,800
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Relative fair value of warrants issued with convertible promissory notes	\$ 162,086	\$ 3,047,493
Issuance of Common Stock for conversions of convertible promissory notes and accrued interest		
Value	\$ 2,177,431	\$ 1,596,888
Shares	24,432,551	20,716,750
Issuance of Common Stock for note payable issuance		
Value	\$ 213,120	\$ 121,500
Shares	4,825,000	450,000
Issuance of Common Stock for vendor services		
Value	\$ 147,660	\$ 197,367
Shares	543,425	1,422,127
Issuance of Common Stock to Board of Directors for services		
Value	\$ 206,210	\$ -
Shares	2,751,148	-
Issuance of Common Stock to former CEO for extinguishment of note payable		
Value	\$ 663,039	\$ -
Shares	3,352,066	-
Cancellation of Common Stock of former CEO		
Value	\$ -	\$ 496,106
Shares	-	3,352,066

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

**mPHASE TECHNOLOGIES, INC.**  
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

**NOTE 1: ORGANIZATION AND NATURE OF BUSINESS**

Organization and Nature of Business

mPhase Technologies, Inc., including its wholly-owned subsidiaries, are collectively referred to herein as “mPhase,” “XDSL,” “Company,” “us,” or “we.”

We were incorporated in the state of New Jersey during 1979 under the name Tecma Laboratory, Inc. During 1987, we changed our name to Tecma Laboratories, Inc. As Tecma Laboratories, Inc., we were primarily engaged in the research, development, and exploration of products in the skin care field. On February 17, 1997, we acquired Lightpaths, Inc., a Delaware corporation, which was engaged in the development of telecommunications products incorporating DSL technology, and we changed our name to Lightpaths TP Technologies, Inc.

On May 5, 1997, we completed a reverse merger with Lightpaths TP Technologies, Inc. and thereafter changed our name to mPhase Technologies, Inc. on June 2, 1997.

Beginning June 30, 2010, we shifted our primary business focus to the development of innovative power cells and related products through the science of microfluidics, microelectromechanical systems (MEMS) and nanotechnology.

On January 11, 2019, we underwent major changes from smart battery technology to artificial intelligence enhanced commercial software products and services.

On May 11, 2020, we acquired CloseComms, a patented, software application platform that can be integrated into a retail customer’s existing Wi-Fi infrastructure, giving the retailer important customer data and enabling AI-enhanced, targeted promotions to drive store traffic and sales.

During 2021, we announced that we would be adding EV charging to our consumer engagement platform as part of a major strategic initiative to monetize additional points of contact during consumer travel and travel planning. As of July 2021, we were actively planning pilot programs in EV charging, as part of a larger strategy to build an AI-driven consumer ecosystem. During late-2021, we announced plans to transition into a “green” consumer company, serving as an important bridge between consumers, retailers, and service providers.

During January 2023, we launched an AI-driven, global sustainability hub (under the “Pebble” brand) that incorporates both patented in-house and third-party technologies to support adoption and use. The core technology at the heart of this platform is our patented consumer engagement software, which is the result of several years of development and testing. Pebble recently onboarded experts in EV charging and other scalable technologies to create new points of contact for this emerging platform. The Pebble sustainability hub is designed to be a one-stop solution for individuals and companies seeking to adopt a more sustainable lifestyle.



**NOTE 1: ORGANIZATION AND NATURE OF BUSINESS (continued)**

We can best be described as a Sustainability as a Service company, offering a suite of cloud-based mobility and consumer engagement services that incentivize consumers for purchases and lifestyle choices that promote sustainability. The Pebble sustainability hub combines patented Wi-Fi anonymous-onboarding technology proprietary AI, location-awareness, tokenization, EV-charger geofencing, and sustainable products marketplace to make personal sustainability easier and more rewarding. This platform is unique in that it is tailored to each individual's tastes and needs, creating highly customizable sales opportunities targeting the growing demographic of eco-conscious consumers, along with the scalability to benefit from the evolution to EV-centric travel and commerce. In this regard, the Pebble platform is uniquely suited to attract Millennial, Gen X, and Gen Z demographic groups, all of which have a heightened sense of commitment to sustainability issues. With offices in the U.S. and U.K., Pebble operates primarily under a high-margin subscription model, with recurring revenue from both businesses and consumers.

Secondarily, we have a legacy patent portfolio relating to smart battery and other smart surface technologies, which we be reassessed for exploitable value later in 2023.

## NOTE 2: RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

On January 4, 2023, the Company's Board of Directors (the "Board") formed a special committee of the Board, which at the time was comprised of two independent directors (the "Special Committee") to investigate allegations of inaccurate disclosures, misappropriation and other potential fraudulent actions by Anshu Bhatnagar, who had been the Company's Chief Executive Officer until July 2022 and to review the factual matters related to such allegations as had been previously conducted by the Board from the Company's third fiscal quarter 2022 to the present.

Although the Special Committee has reached conclusions on matters pertaining to the presentation and disclosure of the financial statement, restated in these financial statements, the Special Committee's work will continue pertaining to other matters associated with ongoing litigation. In accordance with the Special Committee's investigation, the Company has restated its previously reported consolidated financial statements for the year ended June 30, 2021. As part of the investigation, the Company reviewed all prior financial results, and the restatement includes other adjustments as outlined in the tables below. The restatement adjustments resulted in a cumulative net reduction to stockholders' equity of \$12,177,609 as of June 30, 2021 and a reduction in previously reported net income by \$5,004,813 for the year ended June 30, 2021. The Company has also restated the June 30, 2020 retained earnings balance to recognize corrected items discussed below that relate to prior periods. Except as otherwise specified, all information presented in the consolidated financial statements and the related notes include all such restatements.

	(As Previously Reported)	Adjustments		(As Restated)
Cash	\$ 2,473,386	(2,499)	[B]	2,470,887
Accounts receivable, net	15,784,081	(15,784,081)	[A][B][M]	-
Prepaid expenses	238,927	(29)	[B]	238,898
Other assets	422,254	(380,761)	[B][M]	41,493
<b>Total current assets</b>	<b>18,918,648</b>	<b>(16,167,370)</b>		<b>2,751,278</b>
Goodwill	3,669	(3,669)	[F]	-
Intangible asset - purchased software, net	2,079,047	(898,866)	[B][F]	1,180,181
Other Assets	3,645	(92)	[B]	3,553
<b>Total assets</b>	<b>21,021,527</b>	<b>17,069,997</b>		<b>3,951,530</b>
Accounts payable	4,158,006	(3,348,767)	[A][B][K]	809,239
Accrued Expenses	1,368,367	(222,856)	[B][D][E][G][H][Q]	1,145,511
Contract liabilities	350,689	(350,689)	[A][B][Q]	-
Note payable to former officer	691,942	(181,971)	[G]	509,971
Convertible notes payable, net	1,991,036	(705,310)	[I]	1,285,726
Liabilities of discontinued operations	82,795	(82,795)	[K]	-
<b>Total current liabilities</b>	<b>9,162,741</b>	<b>(4,892,388)</b>		<b>4,270,353</b>
<b>Total liabilities</b>	<b>9,309,631</b>	<b>(4,892,388)</b>		<b>4,417,243</b>
Preferred stock	10	(10)	[L]	-
Common Stock	785,842	285	[N]	786,127
Additional paid-in-capital	236,935,277	613,895	[I]	237,549,176
Accumulated other comprehensive income (loss)	(11,526)	(10,915)		(22,441)
Accumulated deficit	(226,061,409)	(12,780,866)		(238,842,275)
<b>Total stockholders' deficit</b>	<b>11,711,896</b>	<b>(12,177,609)</b>		<b>(465,713)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>21,021,527</b>	<b>(17,069,997)</b>		<b>3,951,530</b>

(As Previously Reported)	Adjustments	(As Restated)
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Revenue	\$	30,672,314	(30,672,314)	[A]	-
Cost of revenue		22,501,496	(22,501,496)	[A][R]	-
<b>Gross profit</b>		<b>8,170,818</b>	<b>(8,170,818)</b>		<b>-</b>
Software development costs		2,433,071	(2,433,071)	[B]	-
Salaries and benefits		1,138,735	(53,209)	[B]	1,085,526
General and administrative expenses		1,393,104	(682,204)	[B][C][D][F] [M][O][P][R]	710,900
<b>Total operating expenses</b>		<b>4,964,910</b>	<b>(3,168,484)</b>		<b>1,796,426</b>
<b>Operating income (loss)</b>		<b>3,205,908</b>	<b>(5,002,334)</b>		<b>(1,796,426)</b>
Interest Expense		(683,544)	(75,057)	[B][I]	(758,601)
Amortization of debt discounts, deferred financing costs, and original issue discounts		(2,032,516)	173,017	[I][J]	(1,859,499)
Loss on misappropriation of assets		-	(166,767)	[C][E][J]	(166,767)
<b>Total other income (expense)</b>		<b>(1,539,897)</b>	<b>(68,807)</b>		<b>(1,608,704)</b>
<b>Loss before income taxes</b>		<b>1,666,011</b>	<b>(5,071,141)</b>		<b>(3,405,130)</b>
<b>Net loss</b>		<b>1,666,011</b>	<b>(5,071,141)</b>		<b>(3,405,130)</b>
Unrealized gain (loss) on foreign currency translation adjustment		(124,596)	66,328		(58,268)
<b>Comprehensive income (loss)</b>		<b>1,541,415</b>	<b>(5,004,813)</b>		<b>(3,463,398)</b>

- [A] Based on the findings of the Special Committee, it was concluded that the Company did not meet the requirements of ASC 606 to record revenues during the period July 2019 through March 2022. Specifically, the Company did not have evidence to support that it satisfied contractual performance obligations. Additionally, based on these procedures, the Company concluded there was no support that the services associated with the cost of revenues reported during the period July 2019 through March 2022 occurred. The Company corrected these errors by reducing revenue by \$30,672,314, cost of revenue by \$22,500,000, accounts receivable by \$15,781,713 and accounts payable by \$3,377,635. This also resulted in the reversal of contract liabilities of \$343,362 related to the revenue.
- [B] The Special Committee's investigation found that the statutory books of mPhase Technologies India Private Limited used in the previously reported consolidated financial statements were manipulated by adding additional transactions that were determined to be fictitious. This resulted in the following adjustments to the restated consolidated financial statements:
- Reduction to cash of \$2,499 to eliminate a cash account that was fictitious.
  - Removal of unsubstantiated Accounts Receivable, net, of \$360,517 (these were previously eliminated through Intercompany).
  - Removal of \$29 of prepaid expenses.
  - In creating fictitious Software development costs, there was a calculated tax benefit related to certain local taxes. These were reversed in the amount of \$380,761 in the restatement.
  - Removal of \$92 of other assets.
  - The Company removed \$114,785 of capitalized software development costs.
  - Removal of \$53,927 of accounts payable that was unsubstantiated.
  - Removal of \$45,866 of various accruals that were unsupported.
  - Removal of \$2,293 of contract liabilities.
  - Removal of G&A expenses of \$53,209 that were unsubstantiated.
  - Removal of software development costs recorded as expenses of \$2,433,071.
  - An increase in General and administrative costs of \$1,488
  - An increase in interest expense of \$5,376
- [C] Reclassification of expenses determined not to be related to mPhase business and reclassified to misappropriated assets - \$134,072.
- [D] There were aged expenses accrued but never paid that were not related to mPhase business. These amounts were reversed. These reversals amounted to \$55,068. Additionally, there were \$35,971 removal of previously accrued rent expenses recorded without any agreements or support. \$12,150 of this was reported in FY21 and removed from G&A expenses as part of the restatement.

- [E] \$1,877, net removal previously accrued balances without support.  
This includes the reversal of pre-2019 accruals of \$88,041,  
The removal of expenses recorded without support of \$83,547 prior to FY21 and the elimination of a reversal of this amount recorded in FY21 of \$20,496 (which was included in G&A expense in FY21 and reclassified to Misappropriation of assets).  
The reversal of certain topside adjustments reported as part of the FY21 accruals that were unsubstantiated. This amount was reversed for the restatement of accrued expenses.
- [F] The Company evaluated the accounting for the Alpha Predictions acquisition considering the findings identified in "[A]" concluding that there was not an intent to develop the intangibles purchases through this acquisition. Accordingly, the Company concluded that these assets were impaired upon acquisition and restated the amounts accordingly. There was \$3,669 of goodwill impaired at 6/30/2020 and \$898,866 of intangible assets. Additionally, in FY21 there was amortization associated with intangible assets of \$899,362. This amount was reversed as part of the restatement.
- [G] The Company reclassified \$181,971 of notes previously disclosed as payable to former officers are in dispute and were reclassified to accrued expenses.
- [H] Removal of accrued expenses related to taxes for of \$271,081 related to warrants to the CEO
- [I] As part of the restatement, the Company evaluated the accounting for its convertible notes payable. The Company concluded that there were errors in the previous accounts. As a result, the Company recorded the following adjustments:  
Increase to the discount on Convertible notes payable and Additional Paid-in Capital by \$613,895. This adjustment was to adjust the valuation of the warrants and beneficial conversion features associated with the Note to "Investor" as defined in Note 9 to the consolidated financial statements.  
As a result of these changes, the Company adjusted amortization schedules recording \$91,192 in amortization.
- [J] The Company identified \$12,200 of debt issuance costs that were not supportable. The Company reclassified these amounts to Loss on misappropriation of assets.
- [K] The Company reclassified \$82,795 of accounts payable previously classified as discontinued operations to accounts payable. The Company concluded, given the conclusions related to [A], the Company failed to meet the requirements for discontinued operations.
- [L] The Company concluded that securities identified in previous filings as Series A Preferred Stock were not issued properly. Specifically, the Company did not have the appropriate authority to issue these shares as there was not a vote of the Shareholders to authorize the securities. Accordingly, these are being restated as part of this filing.
- [M] As part of the restatement, the Company evaluated the remaining receivable balance concluding it should be fully reserved as uncollectible at 6/30/2023. \$2,369 was reserved through General and Administrative Expenses.
- [N] The Company corrected a difference in our common stock as recorded by our transfer agent and the Company's records.
- [O] A reduction of \$366,035 in FX adjustments resulting from the restatement of balances.
- [P] Ending balance adjustment change of \$49,974
- [Q] As part of the restatement the Company identified \$5,034 that was misclassified as a contract liability. This amount was reclassified to Accrued expenses.
- [R] As part of the restatement the Company identified \$1,496 that was misclassified as Cost of Revenue. This amount was reclassified to General and administrative expenses.

#### Pre-2021 Restatement Adjustments

Retained earnings as of June 30, 2020 were adjusted to correct the cumulative effect of errors during the year ended June 30, 2020. The errors, on a pretax basis, primarily related to the accounting treatment for revenue and cost of revenue recognition in addition to recognition of related transactions, which resulted in the reduction of revenue of \$30,178,511, the reduction of cost of revenue of \$22,500,079, the reduction of total operating expenses of \$1,249,012,

and other adjustments. The following table sets forth the effect of the restatement adjustments on the components of total stockholders' equity at June 30, 2020:

	(As Previously Reported)	Adjustments	(As Restated)
Preferred stock	\$ 10	\$ (10)	\$ -
Common stock	191,745	284	192,029
Additional paid-in-capital	231,984,704	(274)	231,984,430
Accumulated other comprehensive income	113,070	(77,242)	35,828
Accumulated deficit	(227,727,420)	(7,709,725)	(235,437,145)
Total stockholders' equity (deficit)	5,517,565	(7,786,957)	(2,269,392)

### NOTE 3: GOING CONCERN

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has incurred net losses of \$20,536,499 and \$3,405,130 and has used cash in operating activities of \$3,296,095 and \$1,589,562 for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022, the Company had a working capital deficit of \$18,217,618, and a total Stockholder's Deficit of \$177,404,064. We anticipate operating losses to continue for the foreseeable future due to, among other things, further development and commercialization of the Pebble platform.

Management's cash and access to credit enabled operations from June 30, 2022 through the date of this filing. The Company will require additional capital funding to continue its operations and research and development activity thereafter. The Company does not have current revenue and does not expect revenue to be earned until second quarter fiscal year ending 2024.

Our future viability is dependent on our ability to raise additional capital to fund our operations. We will need to obtain additional funds to satisfy our operational needs as we commercialize and deploy the Pebble platform. Until such time, if ever, as we can generate sufficient cash through revenue, management's plans are to finance our working capital requirements through a combination of equity offerings, debt financings, and marketing, distribution or licensing arrangements. If we raise additional funds by issuing equity securities, our existing security holders will likely experience dilution. If we borrow money, the incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that could restrict our operations. If we enter into a collaboration, strategic alliance or other similar arrangement, we may be forced to give up valuable rights. There can be no assurance however that such financing will be available in sufficient amounts, when and if needed, on acceptable terms or at all. The precise amount and timing of the funding needs cannot be determined accurately at this time, and will depend on a number of factors, including the market demand for the Company's products and services, the quality of product development efforts, management of working capital, and continuation of normal payment terms and conditions for purchase of services. If the Company is unable to earn revenues, reduce expenditures, or otherwise generate cash flows for operations, then the Company will need to raise additional funding to continue as a going concern.

There is substantial doubt that the Company will be able to pay its obligations as they fall due, and this substantial doubt is not alleviated by management plans. The consolidated financial statements as of June 30, 2022 have been prepared assuming that the Company will continue as a going concern. Accordingly, the consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

## NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Consolidation and Presentation

This Annual Report for the year ended June 30, 2022, contains audited consolidated financial statements as of and for the years ended June 30, 2022 and 2021. The consolidated financial statements for 2021 included herein restate and replace our previously issued audited annual consolidated financial statements, which were filed with the United States Securities and Exchange Commission (the “SEC”). Accordingly, investors should rely only on the financial information and other disclosures regarding our consolidated financial statements in the unaudited annual report or in future filings, as applicable, and not on any previously issued or filed reports, earnings releases or similar communications relating to these periods. See Note 2. Restatement of Previously Issued Consolidated Financial Statements for additional information regarding the restatement adjustments.

The consolidated financial statements for the years ended June 30, 2022 and 2021, include the operations of mPhase and its wholly-owned subsidiaries, mPower Technologies, Inc., Medds, Inc., mPhase Technologies India Private Limited effective March 19, 2019, and Alpha Predictions LLP effective June 30, 2019. All significant intercompany accounts and transactions have been eliminated in the consolidation.

mPower Technologies, Inc. is a New Jersey corporation and a wholly-owned consumer products subsidiary of mPhase Technologies, Inc. As this subsidiary had its last significant sale of Jump products during the first quarter of fiscal 2017, this product line was discontinued.

### Foreign Currency Translation and Transactions

The functional currencies of our operations in India and the United Kingdom are the Indian Rupee (“INR”) and the British Pound (“GBP”), respectively. Assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date, and income and expense items are translated at the average exchange rates in effect during the applicable period. The aggregate effect of foreign currency translation is recorded in accumulated other comprehensive income/loss in our consolidated balance sheets. Our net investments in our Indian and United Kingdom operations are recorded at the historical rates and the resulting foreign currency translation adjustments, net of income taxes, are reported as other comprehensive income and accumulated other comprehensive income within stockholders’ equity in accordance with ASC 220 – Comprehensive Income.

The exchange rates used to translate amounts in INR (beginning March 19, 2019) and GBP (beginning May 11, 2020) into USD for the purposes of preparing the consolidated financial statements were as follows:

#### **Balance sheet:**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Period-end INR: USD exchange rate	\$ 0.01270	\$ 0.01349
Period-end GBP: USD exchange rate	\$ 1.21609	\$ 1.38510

#### **Income statement:**

	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Average Annual INR: USD exchange rate	\$ 0.01327	\$ 0.01353
Average Annual GBP: USD exchange rate	\$ 1.31976	\$ 1.32459

Translation gains and losses that arise from exchange rate fluctuations from transactions denominated in a currency other than the functional currency are translated, as the case may be, at the rate on the date of the transaction and included in the results of operations as incurred.

### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) 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 consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. If actual results significantly differ from the Company’s estimates, the Company’s financial condition and results of operations could be materially impacted. Significant estimates include the estimated useful lives of finite-lived intangible assets, accrued expenses, valuation of derivative liabilities, stock-based compensation, and the deferred tax asset valuation allowance.

#### Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with four financial institutions. Deposits held with the financial institutions may exceed the amount of insurance provided by the Federal Deposit Insurance Corporation on such deposits but may be redeemed upon demand. The Company performs periodic evaluations of the relative credit standing of the financial institutions. With respect to accounts receivable, the Company monitors the credit quality of its customers as well as maintains an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments.

#### Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of less than 90 days to be cash and cash equivalents. There were no cash equivalents at June 30, 2022 or 2021. The Company places its cash and cash equivalents with high-quality financial institutions. At times, balances in the Company’s cash accounts may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit. At June 30, 2022 and 2021, the Company’s cash balance at one financial institution exceeded the FDIC limit.

#### Property and Equipment

All expenditures on the acquisition for property and equipment are recorded at cost and capitalized as incurred, provided the asset benefits the Company for a period of more than one year. Expenditures on routine repairs and maintenance of property and equipment are charged directly to operating expense. The property and equipment are depreciated based upon its estimated useful life after being placed in service. The estimated useful lives range from 3 to 7 years based upon asset class. When an asset is retired, sold or impaired, the resulting gain or loss is reflected in earnings. The Company incurred depreciation expense of \$18,556 and \$22,760 for the years ended June 30, 2022 and 2021, respectively included within “General and administrative expenses.”

#### Impairment of Long-Lived Assets including Intangible Assets (other than Goodwill)

In accordance with Accounting Standards Codification (“ASC”) 360-10, “Property, Plant, and Equipment”, the Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset’s estimated fair value and its book value. For the year ended June 30, 2022 the Company impaired and wrote-off its Travel Buddhi purchased software as no further development or commercialization is planned resulting in an impairment charge of \$115,281. For the year ended June 30, 2021, the Company did not impair any long-lived assets.

#### Capitalized Software Development Costs

The Company follows the provisions of ASC 350-40, “Internal Use Software.” ASC 350-40 provides guidance for determining whether computer software is internal-use software, and on accounting for the proceeds of computer software originally developed or obtained for internal use and then subsequently sold to the public. It also provides guidance on capitalization of the costs incurred for computer software developed or obtained for internal use. The Company expenses all costs incurred during the preliminary project stage of its development, and capitalizes the costs

incurred during the application development stage. Costs incurred relating to upgrades and enhancements to the software are capitalized if it is determined that these upgrades or enhancements add additional functionality to the software. Costs incurred to improve and support products after they become available are charged to expense as incurred.

Capitalized software development costs are amortized on a straight-line basis over the estimated useful lives, currently three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

At June 30, 2022, the book value of purchased and developed technology software of \$934,959, related to one artificial intelligence technology platform. For the years ended June 30, 2022 and 2021, the Company did not incur amortization expense of its artificial technology platform as development continued during these periods (changes in the account balance are due to translation adjustments).

#### Fair Value of Financial Instruments

The Company accounts for the fair value of financial instruments in accordance with ASC topic 820, “Fair Value Measurements and Disclosures” (ASC 820), formerly SFAS No. 157 “Fair Value Measurements”. ASC 820 defines “fair value” as the 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.

ASC 820 also describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

Financial instruments consist principally of cash, accounts receivable, prepaid expenses, accounts payable, accrued liabilities, due to related parties, and current and long-term debt. The carrying amounts of such financial instruments in the accompanying balance sheets approximate their fair values due to their relatively short-term nature. The fair value of short and long-term debt is based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying amounts approximate fair value with the exception of the fair value of due to related parties as the fair value cannot be determined due to a lack of similar instruments available to the Company. It is management’s opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments. At June 30, 2022, the Company had a Level 3 financial instrument related to its derivative liability. At June 30, 2021, the Company did not have a derivative liability.



### Share-Based Compensation

The Company computes share based payments in accordance with the provisions of ASC Topic 718, *Compensation – Stock Compensation* and related interpretations. As such, compensation cost is measured on the date of grant at the fair value of the share-based payments. Such compensation amounts, if any, are amortized over the respective vesting periods of the grants.

Restricted stock awards are granted at the discretion of the compensation committee of the board of directors of the Company (the “Board of Directors”). These awards are restricted as to the transfer of ownership and generally vest over the requisite service periods (vesting on a straight-line basis). The fair value of a stock award is equal to the fair market value of a share of the Company’s common stock on the grant date.

The Company estimates the fair value of stock options and warrants by using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the development of assumptions that are inputs into the model. These assumptions are the expected stock volatility, the risk-free interest rate, the expected life of the option, the dividend yield on the underlying stock and the expected forfeiture rate. Expected volatility is calculated based on the historical volatility of the Company’s common stock over the expected term of the option. Risk-free interest rates are calculated based on continuously compounded risk-free rates for the appropriate term.

Determining the appropriate fair value model and calculating the fair value of equity-based payment awards requires the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity-based payment awards represent management’s best estimates, which involve inherent uncertainties and the application of management’s judgment. The Company is required to estimate the expected forfeiture rate and recognize expense only for those shares expected to vest.

Stock-based compensation expense related to stock options granted to non-employees is recognized based on the estimated fair value of the stock options on their grant date, determined using the Black-Scholes option pricing model. The awards generally vest over the period the Company expects to receive services from the non-employees. Similar to stock options granted to employees, the fair value of stock options granted nonemployees, determined using the Black-Scholes option pricing model.

### Derivative Instruments

The Company enters into financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contain embedded derivative features. The Company accounts for these arrangements in accordance with ASC Topic 815, *Accounting for Derivative Instruments and Hedging Activities* as well as related interpretations of this standard. In accordance with this standard, derivative instruments are recognized as either assets or liabilities in the balance sheet and are measured at fair values with gains or losses recognized in earnings. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and are recognized at fair value with changes in fair value recognized as either a gain or loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, considering all of the rights and obligations of each instrument.

The Company estimates fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered consistent with the objective measuring fair values. In selecting the appropriate technique, the Company considers, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. The Company utilizes binomial pricing models with binomial simulations to estimate the fair values of derivative financial instruments. Since derivative financial instruments are initially and subsequently carried at fair values, our income (expense) going forward will reflect the volatility in these estimates and assumption changes.

### Convertible Debt Instruments

The Company records debt net of debt discount for beneficial conversion features and warrants, on a relative fair value basis. Beneficial conversion features are recorded pursuant to the Beneficial Conversion and Debt Topics of the Financial Accounting Standards Board (“FASB”) ASC. The amounts allocated to warrants and beneficial conversion rights are recorded as debt discount and as additional paid-in-capital. Debt discount is amortized to interest expense over the life of the debt using the effective interest method.

### Income Taxes

The Company accounts for income taxes in accordance with Accounting for Income Taxes, as clarified by ASC 740-10, *Accounting for Uncertainty in Income Taxes* (“ASC 740”). Under this method, deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities and net operating loss and tax credit carryforwards given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which the Company operates, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results or the ability to implement tax planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the “more likely than not” criteria of ASC 740. At June 30, 2022 and 2021, the Company had a full valuation allowance against its deferred tax assets.

ASC 740 requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the “more-likely-than-not” threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company’s tax returns for its June 30, 2022, 2021, 2020, and 2019 tax years may be selected for examination by the taxing authorities as the statute of limitations remains open.

The Company recognizes expenses for tax penalties and interest assessed by the Internal Revenue Service and other taxing authorities upon receiving valid notice of assessments. The Company has received no such notices for the years ended June 30, 2022 and 2021.

### Earnings Per Share

In accordance with the provisions of FASB ASC Topic 260, Earnings per Share, basic earnings per share (“EPS”) is computed by dividing earnings available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating EPS on a diluted basis.

In computing diluted EPS, only potential common shares that are dilutive, those that reduce EPS or increase loss per share, are included. The effect of contingently issuable shares is not included if the result would be anti-dilutive, such as when a net loss is reported. For the year ended June 30, 2022, basic and diluted EPS are computed using the same number of weighted average shares as we incurred a net loss for this period. At June 30, 2022, there were outstanding warrants to purchase up to 27,638,077 shares of the Company’s common stock, notes payable with convertible features that if converted, would total 185,729,567 shares of the Company’s common stock, and 2,751,148 shares of the Company’s common stock to be issued to the members of the Company’s Board of Directors for services provided to the Company. For the year ended June 30, 2021, basic and diluted EPS are computed using the same number of weighted average shares as we incurred a net loss for this period. At June 30, 2021, there were outstanding warrants to purchase up to 25,718,971 shares of the Company’s common stock, notes payable with convertible features that if converted, would total 25,972,553 shares of the Company’s common stock, and 281,734 shares of the Company’s common stock to be issued pursuant to vendor services provided to the Company.

### Modification/Extinguishment of Debt

In accordance with ASC 470, a modification or an exchange of debt instruments that adds or eliminates a conversion option that was substantive at the date of the modification or exchange is considered a substantive change and is measured and accounted for as extinguishment of the original instrument along with the recognition of a gain or loss. Additionally, under ASC 470, a substantive modification of a debt instrument is deemed to have been accomplished with debt instruments that are substantially different if the present value of the cash flows under the terms of the new debt instrument is at least 10 percent different from the present value of the remaining cash flows under the terms of the original instrument. A substantive modification is accounted for as an extinguishment of the original instrument along with the recognition of a gain or loss.

### Recently Adopted Accounting Standards

Effective July 1, 2021, the Company adopted Accounting Standards Update (“ASU”) 2019-12, *Income Taxes* (Topic 740). The standard amends and simplifies the accounting for income taxes by removing certain exceptions to the general principles of Topic 740, and also improves consistent application of and simplifies U.S. GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The Company determined the adoption of ASU 2019-12 did not have a material impact on its consolidated financial statements.

### Recently Issued Accounting Standards Not Yet Adopted

During March 2022, the FASB issued ASU 2022-01 *Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method* to clarify and reduce diversity in the application of ASU 2017-12 *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The standard is effective for the Company as of July 1, 2024, with early adoption permitted. The Company is reviewing the impact of this guidance on its consolidated financial statements.

During May 2021, the FASB issued ASU 2021-04, to clarify and reduce diversity in accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. The standard is effective for the Company as of July 1, 2022, with early adoption permitted. This provision is prospective and the Company has outstanding warrants, that if modified, would be subject to this guidance. The Company will apply the guidance as applicable.

During August 2020, the FASB issued ASU 2020-06, to modify and simplify the application of U.S. GAAP for certain financial instruments with characteristics of liabilities and equity. The standard is effective for the Company as of July 1, 2024, with early adoption permitted. The Company is reviewing the impact of this guidance on its consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material impact on the accompanying consolidated financial statements.

### **NOTE 5: PROPERTY AND EQUIPMENT**

At June 30, 2022 and 2021, the Company’s property and equipment consist of the following:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Computer equipment	\$ 142,320	\$ 142,343
Research and development equipment	48,383	48,383
Furniture and fixtures	52,743	52,743
Property and equipment, at cost	243,446	243,469
Less: accumulated depreciation	(243,149)	(226,951)
Property and equipment, net	<u>\$ 297</u>	<u>\$ 16,518</u>

The Company recorded \$18,556 and \$22,760 of depreciation expense for the years ended June 30, 2022 and 2021, respectively, recorded as part of general and administrative expenses. There was no property and equipment impairments recorded for the years ended June 30, 2022 and 2021.

#### **NOTE 6: INTANGIBLE ASSET – PURCHASED SOFTWARE, NET**

Intangible asset – Purchased Software, net, is comprised of the following at:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Purchased software	\$ 934,959	\$ 1,180,181
Less: accumulated amortization	-	-
Purchased software, net	<u>\$ 934,959</u>	<u>\$ 1,180,181</u>

Intangible asset – Purchased Software consists of the following one developed software technology:

CloseComms purchased software	<u>\$ 934,959</u>
Total purchased software	<u>\$ 934,959</u>

The Travel Buddhi developed software were acquired during the fiscal year ended June 30, 2019. It was determined to be impaired at June 30, 2022 as the company concluded it would no longer develop using the technology (\$115,281.00).

The CloseComms developed software was acquired during the fiscal year ended June 30, 2020. At June 30, 2022, there was no impairment determined as the software had not yet been put in service.

Developed software costs are amortized on a straight-line basis over three years once the software is in use. Amortization of developed software costs is included in depreciation and amortization within the consolidated statements of operations.

The Company did not record any amortization expense for the years ended June 30, 2022 and 2021 as the Software was not ready for its intended use.

Future amortization expense related to the existing net carrying amount of developed software at June 30, 2022 is expected to be as follows:

Fiscal year 2023	77,913
Fiscal year 2024	311,653
Fiscal year 2025	311,653
Fiscal year 2026	233,740
Total	<u>\$ 934,959</u>

**NOTE 7: PREPAID EXPENSE, OTHER ASSETS, ACCOUNTS PAYABLE AND ACCRUED EXPENSE**

Prepaid expense is comprised of the following at:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Financing costs	\$ -	54,000
Insurance	25,875	
CloseComms Grant	-	181,955
Other	14,302	2,943
Total prepaid expenses	<u>\$ 40,177</u>	<u>238,898</u>

Other assets are comprised of the following at:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Foreign tax assets	\$ 46,798	41,493
EV charger inventory	155,439	-
Total other assets, current	<u>202,237</u>	<u>41,493</u>

Accounts payable comprised of the following at:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Vendor payables	\$ 1,011,951	497,239
Amounts received related to other liability [a]	7,972,000	312,000
Total accounts payable	<u>8,983,951</u>	<u>809,239</u>

[a] Refer to *Note 2: Restatement of Previously Issued Consolidated Financial Statements* footnote [a]. The company received funds in association with the contract, until investigation is complete, funds will remain as a liability.

Accrued expenses is comprised of the following at:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Contingencies	\$ 462,217	182,480
Customer deposits/Contract liabilities	200,211	5,182
Interest	565,869	205,233
Liabilities settled in stock (Note 8)	729,000	-
Operating expenses	571,821	171,115
Wages	147,797	425,020
Other expenses	52,630	156,481
Total accounts payable	<u>2,729,545</u>	<u>1,145,511</u>

## NOTE 8: NOTES PAYABLE

Notes payable is comprised of the following:

	June 30,	
	2022	2021
Note payable, SBA – Paycheck Protection Program [1]	\$ 34,062	\$ 33,680
Note payable, SBA – Economic Injury Disaster Loan [2]	166,194	160,393
Note payable, Accredited Investor [3]	1,825,371	-
Note payable, Accredited Investor [4]	-	276,035
Total notes payable	\$ 2,025,627	\$ 470,108
Less: current portion of notes payable	(1,878,737)	(323,218)
Long-term portion of notes payable	\$ 146,890	\$ 146,890

- [1] effective April 28, 2020, the Company entered into a promissory note with an approved lender in the principal amount of \$33,333. The note was approved under the provisions of the Coronavirus, Aid, Relief and Economic Security Act (the “CARES Act”) and the terms of the Paycheck Protection Program of the U.S. Small Business Administration’s 7(a) Loan Program. The note accrues interest for the first six months following the issuance date at a rate of 1% per annum, (increasing to 6% per annum upon the occurrence of an Event of Default (as defined in the note)), and beginning November 28, 2020, requires 18 monthly payments of \$1,876 each, consisting of principal and interest until paid in full on April 28, 2022. Subsequent to issuance, the first payment due date was extended. The note may be prepaid by the Company at any time prior to the maturity date with no prepayment penalties. Additionally, any portion of the note up to the entire principal and accrued interest balance may be forgiven in the event the Company satisfies certain requirements as determined by the CARES Act. The Company applied for forgiveness but such forgiveness request for the entire principal and accrued interest balance was denied. At June 30, 2022, the Company is in default and \$34,062 was recorded as a current liability within notes payable of the consolidated balance sheets.
- [2] effective May 28, 2020, the Company entered into a promissory note and security agreement with the U.S. Small Business Administration (“SBA”) in the principal amount of \$150,000. The note was approved under the provisions of the Coronavirus, Aid, Relief and Economic Security Act (the “CARES Act”) and the terms of the COVID-19 Economic Injury Disaster Loan (“EIDL”) program of the U.S. Small Business Administration’s EIDL Program. The note accrues interest at a rate of 3.75% per annum, and beginning May 28, 2021, requires monthly payments of \$731 each, consisting of principal and interest until paid in full on May 28, 2050. Subsequent to issuance, the SBA extended the first payment due date to 24 months from the date of the note. The note may be prepaid by the Company at any time prior to the maturity date with no prepayment penalties. Additionally, this promissory note is collateralized by certain of the Company’s property as specified within the security agreement. Furthermore, on June 4, 2020, the Company received \$4,000 from the SBA, which it is currently working to obtain details from the SBA regarding this amount. As such, at June 30, 2020, the Company recorded this amount as a current liability. At June 30, 2022, \$19,304 was recorded as a current liability within notes payable and \$146,890 was recorded as a long-term liability within notes payable, net of current portion of the consolidated balance sheets.
- [3] effective January 3, 2022, the Company entered into a non-recourse Future Receivables Agreement (“Agreement”) with an accredited investor (the “Investor”), pursuant to which the Company sold, assigned, and transferred to Investor all of the Company’s future accounts, contract rights, and other entitlements arising from or relating to the payment of monies from the Company’s customers’ including all payments made in the ordinary course of business, for the payments due to the Company as a result of the Company’s sale of goods or services. The Agreement provides for the purchase of \$4,050,000 of purchased receipts by the Investor with net proceeds of \$2,910,000 to the Company. The weekly repayment term began during January 2022 and concludes during July 2022, at which time the Agreement will be fully satisfied. Refer to Note 17, Subsequent Events for updates regarding this commitment.

[4] effective February 8, 2021, the Company entered into a securities purchase agreement with an accredited investor and issued a 12% promissory note in the principal amount of \$362,250 (including a \$47,250 original issue discount) to the accredited investor with a maturity date of February 8, 2022. Twelve months of interest is immediately earned by the accredited investor upon the Company receiving proceeds and is included in the required monthly repayments. On February 10, 2021, the Company received net proceeds in the amount of \$288,000 as a result of \$27,000 being paid for legal and due diligence fees incurred with respect to this securities purchase agreement and convertible promissory note. In accordance with the securities purchase agreement, the Company issued 1) 250,000 restricted shares of its common stock (“Commitment Shares”) to the accredited investor as additional consideration for the purchase of the promissory note and 2) 200,000 restricted shares of its common stock (“Returnable Shares”) to the accredited investor which will be returned to the Company upon timely completion of the required repayment schedule. Repayments of the promissory note shall be made in eight (8) installments each in the amount of \$50,715, which commenced July 8, 2021 and continues thereafter each thirty (30) days until February 8, 2022. This promissory note is only convertible upon an event of default as defined in the promissory note. The original issue discount, deferred financing costs and issuance date fair value of the Commitment Shares were amortized over the term of the note. As of February 2022, all required monthly installment payments were made which satisfied the requirements of the promissory note and resulted in no outstanding balance at June 30, 2022.

## **NOTE 9: CONVERTIBLE DEBT ARRANGEMENTS**

### JMJ Financial

At June 30, 2022 and 2021, the amount recorded in current liabilities for the one convertible note and accrued interest thereon due to JMJ Financial was \$245,520 and \$226,704, respectively. During the fiscal years ended June 30, 2022 and 2021 the Company recorded \$18,816 and \$17,374, respectively of interest for the outstanding convertible note.

At June 30, 2022 and 2021, the aggregate remaining amount of convertible securities held by JMJ could be converted into 12,276 and 11,335 shares, respectively, with a conversion price of \$20.

### Accredited Investors

### Evergreen Agreement

On April 6, 2021, the Company entered into a Securities Purchase Agreement (“Agreement”) with Evergreen Capital Management LLC (the “Investor”), pursuant to which the Company sold to the Investor an aggregate of up to \$2,040,000 in aggregate subscription amount of notes and warrants to purchase an aggregate of 11,730,000 shares of common stock in two (2) tranches (each a “Tranche”), with the first Tranche of \$1,540,000 in subscription amount of notes (to purchase an aggregate of \$1,771,000 in principal amount of notes) and warrants to purchase an aggregate of 8,855,000 shares of Common Stock being closed on upon execution of this Agreement. The closing for the second Tranche of \$500,000 in subscription amount of notes (to purchase an aggregate of \$575,000 in principal amount of notes) and warrants to purchase an aggregate of 2,875,000 shares of common stock will occur within three (3) business days after the later of (i) the filing by the Company of a Registration Statement on Form S-1 for the sale of common stock that will be listed on a national securities exchange, or (ii) the thirtieth (30th) day following the closing of the first Tranche. The first and second Tranches closed and funded on April 6, 2021 and May 3, 2021, respectively.

The Notes mature on April 6, 2022 and May 3, 2022, bear interest at the rate of 5% per annum and are convertible at any time upon the option of the Investor into shares of Common Stock at a conversion price equal to \$0.20 per share or, upon the occurrence and during the continuance of an Event of Default (as defined in the Note), if lower, at a conversion price equal to 75% of the lowest daily VWAP of the Common Stock during the 20 consecutive trading days immediately preceding the applicable conversion date. The Company has the right to prepay all or any portion of the outstanding balance of the Note in an amount equal to 115% or 120%, depending on whether such repayment is made before November 5, 2021 or after November 5, 2021, respectively, multiplied by the portion of the outstanding balance to be prepaid. The Company is required to prepay all or any portion of the outstanding balance of the Note upon the occurrence of a Qualified Financing (as defined in the Note). If at any time while the Note is outstanding, the Company completes any single Future Transaction (as defined in the Note), the Investor may, in its sole discretion,

elect to apply all, or any portion, of the then outstanding principal amount of this Note and any accrued but unpaid interest, as purchase consideration for such Future Transaction.

The Warrants are exercisable at a purchase price of \$0.20 per share at any time on or prior to April 6, 2025 and May 3, 2025, and may be exercised on a cashless basis, beginning on the six-month anniversary of the Effective Date, if the shares of Common Stock underlying the Warrants are not then registered under the Securities Act of 1933, as amended (the “Securities Act”). The Investor will not have the right to exercise the Warrants if the Investor, together with its affiliates, would beneficially own in excess of 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to its conversion and under no circumstances may exercise the Warrants if the Investor, together with its affiliates, would beneficially own in excess of 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to its exercise.

The SPA contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties thereto, and termination provisions.

In connection herewith, the Company recorded an original issue discount of \$306,000 and deferred financing costs of \$42,500. The original issue discount and deferred financing costs are being amortized over the term of the note.

During February 2022, the Company paid an aggregate of \$1,000,000 toward the outstanding principal balance, including prepayment penalty. Furthermore, at various dates through June 30, 2022, the aggregate outstanding principal and accrued interest of \$1,264,440 was converted into an aggregate of 24,432,551 shares of the Company’s common stock. The Company recorded an aggregate loss on extinguishment of debt of \$624,316 as a result of the Company issuing shares of its common stock to satisfy the outstanding principal and interest conversions.

Upon maturity on April 6, 2022 and May 3, 2022, under the default provisions, the outstanding principal balance was increased by an aggregate of \$303,800 and the interest rate was increased to 24%. At June 30, 2022, the aggregate balance of the convertible promissory note and accrued interest was \$707,699.

#### Investors’ Agreement

On May 4, 2021, the Company entered into a Securities Purchase Agreement (the “SPA”) with two accredited investors (the “Investors”), pursuant to which the Company sold to the Investors an aggregate of up to \$2,550,000 in Aggregate Subscription Amount of Notes (to sell an aggregate of principal amount of \$3,000,000 of notes) and Warrants to acquire an aggregate of 15,000,000 shares of common stock in two tranches (each a “Tranche”), with the first Tranche of \$1,924,999 in subscription Amount of Notes (to sell an aggregate of \$2,264,706 in principal amount of Notes) and Warrants to acquire an aggregate of 11,323,529, shares of common stock being closed on upon execution of the SPA. The closing for the second tranche for \$625,001 in Subscription Amount Notes (to sell an aggregate of \$735,294 in principal amount of Notes) and Warrants to acquire an aggregate of 3,676,471 shares of common stock will occur within three (3) business days after the later of (i) the filing of a Registration Statement on Form S-1 for the sale of common stock that will be listed on a national securities exchange or (ii) the thirtieth (30th) day following the closing of the first Tranche. The first and second Tranches closed and funded on May 3, 2021 and the second Tranche closed for the lesser amount of cash \$609,373 on June 30, 2021.

The Notes mature on May 4, 2022 and June 30, 2022, bear interest at the rate of 5% per annum and are convertible at any time upon the option of the Investors into shares of Common Stock at a conversion price equal to \$0.20 per share. The Company has the right to prepay all or any portion of the outstanding balance of the Notes in an amount equal to 115% or 120%, depending on whether such repayment is made before November 5, 2021 or after November 5, 2021, respectively, multiplied by the portion of the outstanding balance to be prepaid.

The Warrants are exercisable at a purchase price of \$0.20 per share at any time on or prior to May 4, 2025 and June 30, 2025, and may be exercised on a cashless basis, beginning on the six-month anniversary of the Effective Date, if the shares of Common Stock underlying the Warrants are not then registered under the Securities Act of 1933, as amended (the “Securities Act”).



The Notes contain a conversion feature whereby the Investors can convert, in whole or in part, into shares of Common Stock at the option of the Investors, at any time and from time to time at a conversion price of \$0.20/share. As the conversion price was below the stock price at the time the Notes were issued, the company recorded a discount on the notes in the form of Additional Paid in Capital equity totaling \$1,145,723.

The SPA contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties thereto, and termination provisions.

In connection herewith, the Company recorded an original issue discount of \$447,243, a discount associated with the Warrants of \$1,378,650, and deferred financing costs of \$10,000. The original issue discount and deferred financing costs are being amortized over the term of the note.

Upon maturity on May 4, 2022 and June 30, 2022, under the default provisions, the outstanding principal balance was increased by an aggregate of \$894,485 and the interest rate was increased to 24% per annum. At June 30, 2022, the aggregate balance of the convertible promissory note and accrued interest was \$4,171,685.

During various dates from May 9, 2022 through June 30, 2022, the Investors funded the Company \$400,030 pursuant to a Securities Purchase Agreement (the “SPA”) and Promissory Note (the “Note”) dated August 26, 2022 in the aggregate principal amount of \$1,000,000, and warrants (the “Warrants”) to purchase up to 833,333 shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”) for proceeds of \$900,000 (the “Purchase Price”).

The Note matures on February 26, 2023, bears interest at the rate of 10% per annum and, beginning 180 days after the issuance of the Note and upon the occurrence of an Event of Default (as defined in the Note), the Investors may convert amounts owing under the Note into shares of Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Note. The Note is secured by a lien on the assets of the Company.

The Warrants are exercisable at a purchase price of \$0.20 per share at any time on or prior to August 26, 2027, and in the event that the shares underlying such warrants are not registered at such time, may be exercised on a cashless basis.

The SPA contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties thereto, and termination provisions.

At June 30, 2022, the aggregate balance of the convertible promissory note and accrued interest was \$400,030.

#### Convertible Promissory Note #1

On August 23, 2019, the Company issued a Promissory Note (the “Note”) to an accredited investor (the “Investor #2”), in the aggregate principal amount of \$5,000, convertible into shares of common stock of the Company. The Note matured on August 23, 2020, bears interest at a default rate of 8% per annum and is convertible at any time upon the option of the Investor #2 into shares of Common Stock at a conversion price equal to \$0.25 per share.

Upon maturity on August 23, 2020, under the default provisions, the interest rate was increased to 8%. At June 30, 2022, the aggregate balance of the convertible promissory note and accrued interest was \$5,940.

#### Convertible Promissory Note #2

On April 18, 2022, the Company entered into a Securities Purchase Agreement (“Agreement”) with an accredited investor (the “Investor #2”), pursuant to which a Promissory Note (the “Note”) was made to the Investor #2 in the aggregate principal amount of \$280,000, convertible into shares of common stock of the Company. The Note was purchased for \$250,000, reflecting an original issuance discount of \$30,000. The Company further issued the Investor #2 a total of 325,000 commitment shares as additional consideration for the purchase of the Note. Principal and Interest payments shall be made in seven installments of \$44,000 each beginning on the five-month anniversary following the

issue date and continuing thereafter each thirty (30) days for seven months. The Investor #1 shall have the right at any time following an Event of Default which has not been cured within 30 calendar days of the occurrence of such default, to convert all or any part of the outstanding and unpaid principal, interest, penalties, and all other amounts under this Note at a conversion price shall be equal to 70% of the lowest closing price of the Company's common stock for the 20 trading days immediately preceding the delivery of a notice of conversion resulting from such default.

The SPA contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties thereto, and termination provisions.

In connection herewith, the Company recorded an original issue discount of \$72,120 and deferred financing costs of \$27,300. The original issue discount and deferred financing costs are being amortized over the term of the note. At June 30, 2022, the aggregate balance of the convertible promissory note and accrued interest was \$308,000. At June 30, 2022, the aggregate balance of the convertible promissory note, net of original issue discount and deferred financing costs was \$246,973.

### Convertible Promissory Note #3

On June 24, 2022, the Company entered into a Securities Purchase Agreement (the "SPA") with an accredited investor (the "Investor #3"). Pursuant to the SPA, the Investor purchased a promissory note with an aggregate principal amount of \$1,200,000 (the "Note") and warrants (the "Warrants") to purchase up to 1,000,000 shares of the Company's common stock, par value \$0.01 per share (the "Common Stock") for proceeds of \$1,080,000 (the "Purchase Price"). The Company further issued 4,500,000 incentive fee shares (the "Incentive Fee Shares") as additional consideration for the purchase of the Note. Pursuant to the SPA, the Company is obligated to file with the Securities and Exchange Commission, within 90 days of the date of closing of the SPA, a registration statement covering the resale of the Incentive Fee Shares and the shares underlying the Note and the Warrants.

The Note matures on December 22, 2022, bears interest at the rate of 10% per annum and, beginning 180 days after the issuance of the Note and upon the occurrence of an Event of Default (as defined in the Note), the Investor #3 may convert amounts owing under the Note into shares of Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Note. The Note is secured by a lien on the assets of the Company.

The Warrants are exercisable at a purchase price of \$0.20 per share at any time on or prior to June 22, 2027, and in the event that the shares underlying such warrants are not registered at such time, may be exercised on a cashless basis beginning on June 22, 2022.

The SPA contains customary representations, warranties and agreements by the Company, customary conditions to closing, indemnification obligations of the Company, other obligations of the parties thereto, and termination provisions.

In connection herewith, the Company recorded an original issue discount of \$120,000 and deferred financing costs of \$219,500. The Incentive Fee Shares includes a provision whereby the Company is obligated to pay Investor #3 for the difference between the price Investor #3 is able to sell the shares for and the stated value in the note of \$0.20/share. The Company recorded a discount on the note of \$900,000 for the Incentive Fee Shares and a liability of \$729,000 representing the difference between the stock price at issuance of the Note and \$0.20/share. The original issue discount, deferred financing costs, and discount on the Incentive Fee Shares, are being amortized over the term of the note. At June 30, 2022, the aggregate balance of the convertible promissory note and accrued interest was \$1,202,000. At June 30, 2022, the aggregate balance of the convertible promissory note, net of original issue discount and deferred financing costs was \$838,637.

At June 30, 2022 and June 30, 2021, there was an aggregate of \$6,475,131 and \$5,257,795 of convertible notes payable outstanding, and discounts of \$1,311,924 and \$3,863,069, respectively.

During the years ended June 30, 2022 and 2021, amortization of original issue discount, deferred financing costs, and debt discounts amounted to \$3,157,286 and \$1,859,499, respectively.

During the years ended June 30, 2022 and 2021, \$1,264,440 and \$1,596,888, respectively, of convertible notes, including fees and interest, were converted into 24,432,551 and 20,716,750, respectively, shares of the Company's common stock.

At June 30, 2022, the Company was in default with JMJ Financial, Investors' Agreement, and Convertible Promissory Note #1 convertible promissory notes, however, is working with each promissory note holder to cure the event of default as timely as possible. After June 30, 2022, the Company recorded an aggregate loss on extinguishment of Evergreen debt as a result of the Company issuing shares of its common stock and final payment to satisfy the outstanding principal and interest conversions.

Notes payable under convertible debt and debenture agreements, net is comprised of the following:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
JMJ Financial	\$ 109,000	\$ 109,000
Evergreen Agreement	605,000	2,346,000
Investors' Agreement	4,276,131	2,797,795
Convertible Promissory Note #1	5,000	5,000
Convertible Promissory Note #2	280,000	-
Convertible Promissory Note #3	1,200,000	-
Unamortized OID, deferred financings costs, and debt discounts	(1,311,924)	(3,863,069)
Total convertible debt arrangements, net	<u>\$ 5,163,207</u>	<u>\$ 1,394,726</u>

At June 30, 2022 and 2021, the outstanding balances are reflected as current liabilities within our consolidated balance sheets. At June 30, 2022 and 2021, accrued interest on these convertible notes of \$442,074 and \$162,271, respectively, is included within accrued expenses of the consolidated balance sheets.

## NOTE 10: DERIVATIVE LIABILITY

The Company evaluates its convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, “Derivatives and Hedging.” The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operation as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

The following table presents a reconciliation of the derivative liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) from June 30, 2020 to June 30, 2022:

	Conversion feature derivative liability
June 30, 2020	\$ 897,631
Initial fair value of derivative liability recorded as debt discount	853,800
Initial fair value of derivative liability charged to other expense	2,240,908
Gain on change in fair value included in earnings	(3,267,323)
Derivative liability relieved by conversions of convertible promissory notes	(725,016)
June 30, 2021	-
Initial fair value of derivative liability charged to other expense	542,038
Loss on change in fair value included in earnings	181,825
Derivative liability relieved by conversions of convertible promissory notes	(288,674)
June 30, 2022	\$ 435,189

Total derivative liability at June 30, 2022 and 2021 amounted to \$435,189 and \$0, respectively. The change in fair value included in earnings of \$181,825 is due in part to the quoted market price of the Company’s common stock decreasing from \$0.43 at June 30, 2021 to \$0.03 at June 30, 2022 coupled with substantially reduced conversion prices due to the effect of “ratchet” provisions incorporated within the convertible notes payable.

At June 30, 2022, there was one outstanding convertible note payable with conversion prices inclusive of “ratchet” provisions requiring the use of a binomial pricing model with binomial simulations.

The Company used the following range of assumptions for determining the fair value of the convertible instruments granted under the binomial pricing model with binomial simulations at June 30, 2022:

Expected volatility	230.3%
	1.4
Expected term	months
Risk-free interest rate	1.28%
Stock price	\$ 0.034

The Company recognizes its derivative liabilities as Level 3 and values its derivatives using the methods discussed below. While the Company believes that its valuation methods are appropriate and consistent with other market participants, it recognizes that the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The primary valuation components that would significantly affect the fair values using the methods discussed are that of volatility and market price of the underlying common stock of the Company.

At June 30, 2022, the Company did not have any derivative instruments that were designated as hedges.

Items recorded or measured at fair value on a recurring basis in the accompanying consolidated financial statements consisted of the following items as of June 30, 2022 and 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability, June 30, 2022	\$ -	\$ -	\$ 435,189
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative liability, June 30, 2021	\$ -	\$ -	\$ -

#### NOTE 11: STOCK-BASED COMPENSATION

##### *Stock Based Compensation – Common Stock Grants*

During the year ended June 30, 2022, the Company recorded (\$9,733) of stock-based compensation benefit related to a November 22, 2021 grant of 500,000 restricted shares of common stock to the Company's former Chief Financial Officer and a May 17, 2021 grant of 500,000 restricted shares of common stock to the Company's former Chief Operating Officer, both of which fully forfeited upon ceasing employment with the Company.

During the year ended June 30, 2021, the Company entered into an exchange agreement (the "Exchange Agreement") with its former Chief Executive Officer, Anshu Bhatnagar ("Holder"), whereby earned and issued warrants to purchase 37,390,452 shares of the Company's Common Stock (the "Cancelled Warrants") pursuant to the terms of that certain Transition Agreement (the "Transition Agreement") and Warrant Agreement (the "Warrant Agreement") each between the Company and Holder and dated as of January 11, 2019 were forfeited and exchanged for (i) 37,390,452 shares of the Company's Common Stock (the "Shares") and (ii) the cancellation and termination of the Transition Agreement and Warrant Agreement. The Cancelled Warrants had an exercise price of \$0.50 per share and were not subject to expiration. Immediately prior to the Company's entry into the Exchange Agreement, it was determined that 5,650,708 additional warrants (the "Additional Warrants") to purchase the Company's Common Stock were due to and issued to the Holder in accordance with the terms and conditions of the Transition Agreement as the Transition Agreement required certain liabilities to be eliminated by the prior management team within six months of the Transition Agreement's effective date of January 11, 2019. However, the Additional Warrants were immediately cancelled and terminated with the intention of mitigating potential liabilities arising from certain issuances of the Company's Common Stock below the minimum price of \$0.50 per share as stated within the Transition Agreement. The Shares to be issued and sold to the Holder pursuant to the Exchange Agreement were issued in reliance upon the exemption from registration under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. For the year ended June 30, 2021, the Company recorded \$153,301 of stock-based compensation expense related to the Exchange Agreement. See Common Stock Warrants section below for further details of the warrants.

Additionally, during the year ended June 30, 2021, the Company recorded \$21,474 of stock-based compensation expense related to a June 1, 2019 grant of 231,635 shares of common stock to the Company's former Chief Financial Officer ("former CFO"), which vested 25% on the six month and 1-year anniversaries of the grant date. Upon the former CFO's employment ceasing during January 2021, 115,818 unvested shares of common stock were forfeited resulting in the reversal of \$68,003 of previously recognized stock-based compensation expense.

Furthermore, during the year ended June 30, 2021, the Company granted 500,000 restricted shares of common stock to its former Chief Operating Officer. The restricted shares of common stock vest 25% on the 1-year, 2-year, 3-year, and 4-year anniversaries of the grant date. At June 30, 2021, no shares of common stock have vested, and 500,000 shares remain unvested. During the year ended June 30, 2021, the Company recorded \$9,733 of stock-based compensation expense.

#### *Vendor Services*

During the year ended June 30, 2022, the Company entered into various consulting, public relations, and marketing agreements whereby the Company issued an aggregate of 543,425 restricted shares of its common stock for services to be performed during specified periods of time. During the year ended June 30, 2022, the Company recorded \$83,960 of expense.

During the year ended June 30, 2021, the Company entered into various consulting, public relations, and marketing agreements whereby the Company issued an aggregate of 1,422,127 restricted shares of its common stock and has an aggregate of 281,734 restricted shares of common stock to be issued, for services to be performed during specified periods of time. During the year ended June 30, 2021, the Company recorded \$261,067 of expense.

#### *Board of Director Services*

During the year ended June 30, 2022, the Company granted an aggregate of 2,751,148 shares of its common stock and an aggregate of 1,000,000 stock options, in accordance with the Board of Directors agreements in place during this period. The grant date fair value of the aggregate 2,751,148 shares of common stock and 1,000,000 stock options is \$177,500 and \$194,235, respectively. During the year ended June 30, 2022, the Company recorded \$206,210 of expense, consisting of \$177,500 related to the shares of the Company's common stock and \$28,710 related to the stock options. The grant date fair value of the stock options will be recognized monthly over the 3-year vesting period. At June 30, 2022, the grant date fair value of the 2,751,148 granted shares of \$177,500 is classified as common stock to be issued within the consolidated balance sheets.

During the year ended June 30, 2021, there were no shares of the Company's common stock granted in accordance with any Board of Directors agreements.

### **NOTE 12: STOCKHOLDERS' EQUITY**

At June 30, 2022, the total number of shares of all classes of stock that the Company shall have the authority to issue is 500,000,000 shares consisting of common stock, \$0.01 par value per share, of which 106,940,650 shares are issued and outstanding and 7,576,148 shares are to be issued.

#### *Conversion of Debt Securities*

During the year ended June 30, 2022, \$1,264,440 of convertible notes, including fees and interest, were converted into 24,432,551 shares of the Company's common stock by an accredited investor, valued at \$2,177,431. During the year ended June 30, 2021, \$472,593 of convertible notes, including fees and interest, were converted into 20,716,750 shares of the Company's common stock by accredited investors, valued at \$1,596,887.

#### *Extinguishment of Note Payable*

During the year ended June 30, 2022, the Company issued 3,352,066 shares of its common stock to the Company's former Chief Executive Officer which extinguished the note payable attributable to the cancellation of common stock as further described below. The fair value of the 3,352,066 shares issued was \$663,039, resulting in a loss on debt extinguishment of \$134,428. During the year ended June 30, 2021, there were no shares of the Company's common stock issued to extinguish outstanding notes payable.

### *Cancellation of Common Stock*

During the year ended June 30, 2021, the Company's former Chief Executive Officer cancelled 3,352,066 of his shares of the Company's common stock to partially offset the number of shares of the Company's common stock issued by the conversion of \$472,593 of convertible notes, including fees and interest, into 20,716,750 shares of the Company's common stock by accredited investors. The fair value of the cancelled shares of common stock was \$496,106 and such fair value established a note payable to the Company's former Chief Executive Officer of the same amount until extinguished as further described above. During the year ended June 30, 2022, there were no shares of the Company's common stock cancelled.

### *Reserved Shares – Common Stock*

At June 30, 2022, the convertible promissory notes entered into with accredited investors require the Company to reserve approximately 206,000,000 shares of its Common Stock for potential future conversions under such instruments.

At June 30, 2022, 7,202 shares of the Company's Common Stock remain subject to be returned to the Company's treasury for cancellation. Such shares were not sold as part of 8,000 shares of the Company's Common Stock that was advanced during fiscal year 2014 under an Equity Line of Credit.

### Common Stock Warrants

#### *Exchange Agreement – Warrants Exchanged for Common Stock*

Refer to the Exchange Agreement, Cancelled Warrants, Transition Agreement and Warrant Agreement discussed in the aforementioned *Stock Based Compensation – Common Stock Grants* section of Note 12. During the year ended June 30, 2022, the Company did not exchange any warrants for its common stock.

#### *Warrant Agreements – Convertible Promissory Note Warrants*

Pursuant to a Securities Purchase Agreement between the Company and an accredited investor dated as of June 24, 2022, the Company sold to the Investor and the Investor acquired an aggregate of 1,000,000 warrants to acquire shares of the Company's common stock. The warrants expire five years after issuance and have an exercise price of \$0.20 per share, subject to adjustment hereunder. The warrants can also be exercised under a cashless basis as outlined within the Warrant Agreement. The Company attributed an aggregate fair value of \$36,834 to the warrants, based upon an average value of \$0.038 per warrant.

Pursuant to a Securities Purchase Agreement between the Company and two accredited investors dated as of April 30, 2021, the Company sold to the Investors and the Investors acquired an aggregate of 14,908,077 warrants to acquire shares of the Company's common stock. The warrants expire four years after issuance and have an exercise price of \$0.20 per share, subject to adjustment hereunder. The warrants can also be exercised under a cashless basis as outlined within the Warrant Agreement. The Company attributed an aggregate fair value of \$1,879,204 to the warrants, based upon an average value of \$0.35 per warrant.

Pursuant to a Securities Purchase Agreement between the Company and Evergreen Capital Management, LLC ("Investor"), dated as of April 5, 2021, the Company sold to the Investor and the Investor acquired an aggregate of 11,730,000 warrants to acquire shares of the Company's common stock. The warrants expire four years after issuance and have an exercise price of \$0.20 per share, subject to adjustment hereunder. The warrants can also be exercised under a cashless basis as outlined within the Warrant Agreement. For the year ended June 30, 2021, the Company attributed an aggregate fair value of \$1,293,541 to the warrants, based upon an average value of \$0.27 per warrant.

### *Fair Value of Warrants*

The Company estimates the fair value of each option award on the date of grant using a black-scholes option valuation model that uses the assumptions noted in the table below. Because black-scholes option valuation models incorporate

ranges of assumptions for inputs, those ranges are disclosed. Expected volatilities are based on the historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and when applicable employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The following range of assumptions were utilized during the years ended June 30, 2022 and 2021:

Expected volatility	557.1% - 618.0 %
Weighted-average volatility	557.1% - 618.0 %
Expected dividends	0%
Expected term (in years)	4.0 - 5.0
Risk-free rate	0.56% - 3.18 %

The following table sets forth common stock purchase warrants outstanding at June 30, 2022:

	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Intrinsic Value</b>
Outstanding, June 30, 2021	25,718,971	\$ 0.20	\$ -
Warrants issued	1,919,106	0.20	-
Warrants forfeited	-	-	-
Outstanding, June 30, 2022	<u>27,638,077</u>	<u>\$ 0.20</u>	<u>\$ -</u>
Common stock issuable upon exercise of warrants	<u>27,638,077</u>	<u>\$ 0.20</u>	<u>\$ -</u>

<b>Range of Exercise Prices</b>	<b>Common Stock Issuable Upon Exercise of Warrants Outstanding</b>			<b>Common Stock Issuable Upon Warrants Exercisable</b>	
	<b>Number Outstanding at June 30, 2022</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>	<b>Weighted Average Exercise Price</b>	<b>Number Exercisable at June 30, 2022</b>	<b>Weighted Average Exercise Price</b>
<u>\$ 0.20</u>	<u>27,638,077</u>	<u>2.92</u>	<u>\$ 0.20</u>	<u>27,638,077</u>	<u>\$ 0.20</u>
	<u>27,638,077</u>	<u>2.92</u>	<u>\$ 0.20</u>	<u>27,638,077</u>	<u>\$ 0.20</u>

The following table sets forth common stock purchase warrants outstanding at June 30, 2021:

	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Intrinsic Value</b>
Outstanding, June 30, 2020	37,390,452	\$ 0.50	\$ -
Warrants issued	25,718,971	0.20	-
Warrants exchanged	(37,390,452)	(0.50)	-
Outstanding, June 30, 2021	<u>25,718,971</u>	<u>\$ 0.20</u>	<u>\$ -</u>
Common stock issuable upon exercise of warrants	<u>25,718,971</u>	<u>\$ 0.20</u>	<u>\$ -</u>

  

<b>Range of Exercise Prices</b>	<b>Common Stock Issuable Upon Exercise of Warrants Outstanding</b>			<b>Common Stock Issuable Upon Warrants Exercisable</b>	
	<b>Number Outstanding at June 30, 2021</b>	<b>Weighted Average Remaining Contractual Life (Years)</b>	<b>Weighted Average Exercise Price</b>	<b>Number Exercisable at June 30, 2021</b>	<b>Weighted Average Exercise Price</b>



		Life (Years)			
\$	0.20	25,718,971	3.83	\$	0.20
		25,718,971	3.83	\$	0.20

### *Fair Value of Stock Options*

The Company estimates the fair value of each option award on the date of grant using a black-scholes option valuation model that uses the assumptions noted in the table below. Because black-scholes option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Expected volatilities are based on the historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and applicable employee termination within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The following range of assumptions were utilized during the year ended June 30, 2022:

Expected volatility	257.11%
Weighted-average volatility	257.11%
Expected dividends	0%
Expected term (in years)	3.0
Risk-free rate	0.17%

The following table sets forth common stock purchase options outstanding at June 30, 2022:

	Options	Weighted Average Exercise Price	Intrinsic Value
Outstanding, June 30, 2021	-	\$ -	\$ -
Options issued	1,000,000	0.1994	-
Options forfeited	-	-	-
Outstanding, June 30, 2022	1,000,000	\$ 0.1994	\$ -
Common stock issuable upon exercise of options	1,000,000	\$ 0.1994	\$ -

Range of Exercise Prices	Common Stock Issuable Upon Exercise of Options Outstanding			Common Stock Issuable Upon Options Exercisable	
	Number Outstanding at June 30, 2022	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at June 30, 2022	Weighted Average Exercise Price
\$ 0.1994	1,000,000	2.56	\$ 0.1994	1,000,000	\$ 0.1994
	1,000,000	2.56	\$ 0.1994	1,000,000	\$ 0.1994

### **NOTE 13: RELATED PARTY TRANSACTIONS**

#### Transactions With Officers

#### *Note Payable Issuances*

At various points during past fiscal years certain officers and former officers of the Company provided bridge loans to the Company evidenced by individual promissory notes and deferred compensation so as to provide working capital to the Company.

During the year ended June 30, 2021, the Company's former Chief Executive Officer converted his deferred compensation from fiscal years 2019 and 2020, totaling \$381,566, and the fair value of his cancelled shares of the Company's common stock of \$496,106, into separate promissory notes. All of these notes accrue interest at the rate of 6% per annum, and are payable on demand. During the years ended June 30, 2022 and 2021, \$30,403 and \$30,219, respectively, has been charged for interest related to these promissory notes.

During the years ended June 30, 2022 and 2021, no other officers or former officers provided working capital funding to the Company and \$3,401 and \$15,811, respectively, has been charged for interest on remaining outstanding loan balances from officers and former officers related to loans prior to the year ended June 30, 2020.

On October 22, 2020, the Company received a notice of event of default and demand letter ("Demand Letter") from a former officer and promissory note holder (the "Note Holder"). The promissory note was issued on November 1, 2019, in the original principal amount of \$40,739, accrued interest at a rate of 6% per annum, and matured on April 18, 2020. The Demand Letter stated an aggregate of \$51,940 of principal and interest was immediately due. The promissory note does not have a convertible feature and is not convertible into shares of the Company's common stock. Additionally, the promissory note does not contain any cross-default provisions with any other promissory notes issued by the Company. The Company desires to work with the Note Holder to negotiate a settlement of this matter.

At June 30, 2022 and 2021, these outstanding notes including accrued interest totaled \$710,021 and \$747,086, respectively. At June 30, 2022, these promissory notes are not convertible into shares of the Company common stock.

#### *Employment Agreements*

On January 19, 2022, the Company, pursuant to the approval of the Board, entered into an amended and restated employment agreement with Anshu Bhatnagar, Chief Executive Officer of the Company, modifying the terms of the Employment Agreement entered into between the Company and Mr. Bhatnagar dated January 11, 2019 (collectively, the "Bhatnagar Amended Employment Agreement"). The Bhatnagar Amended Employment Agreement, which becomes effective retroactively as of January 1, 2022 (the "Effective Date") provides for an increase to Mr. Bhatnagar's annual cash base salary to \$600,000. Further, Mr. Bhatnagar is eligible to receive additional increases to base salary, to be determined in the sole discretion of the Company's Board, which allow for an increase in base salary as follows: base salary shall increase to \$700,000 on the first anniversary of the effective date of the Amended Employment Agreement; and base salary shall increase to \$800,000 on the second anniversary of the effective date of the Amended Employment Agreement. Additionally, the Amended Employment Agreement provides that Mr. Bhatnagar shall also be entitled to receive stock-based compensation in the form of shares of common stock of the Company, and an annual cash bonus of up to 100% of base salary, which shall be determined by the Board. The Term of the Bhatnagar Amended Employment Agreement shall expire on December 31, 2032. This paragraph contains only a brief description of the material terms of and does not purport to be a complete description of the rights and obligations of the parties to the Bhatnagar Amended Employment Agreement, and such description is qualified in its entirety by reference to the full text of the Bhatnagar Amended Employment Agreement. This Bhatnagar Amended Employment Agreement was terminated upon the former Chief Executive Officer's separation from the Company.

On January 19, 2022, the Company, pursuant to the approval of the Board, entered into an amended and restated employment agreement with Angelia Lansinger Hrytsyshyn, Chief Financial Officer of the Company, modifying the terms of the Employment Agreement entered into between the Company and Ms. Hrytsyshyn dated November 16, 2021 (collectively, the "Hrytsyshyn Amended Employment Agreement"). The Hrytsyshyn Amended Employment Agreement, which becomes effective January 21, 2022, provides for an increase to Ms. Hrytsyshyn's annual cash base salary to \$250,000. Further, Ms. Hrytsyshyn is eligible to receive an annual performance-based cash bonus equal to 50% of base salary. The Term of the Hrytsyshyn Amended Employment Agreement shall be "at will" and can be terminated by the Company or Ms. Hrytsyshyn at any time for any reason provided that Ms. Hrytsyshyn may not voluntarily terminate the agreement without thirty (30) days prior written notice delivered to the Company. This paragraph contains only a brief description of the material terms of and does not purport to be a complete description

of the rights and obligations of the parties to the Hrytsyshyn Amended Employment Agreement, and such description is qualified in its entirety by reference to the full text of the Hrytsyshyn Amended Employment Agreement. This Hrytsyshyn Amended Employment Agreement was terminated upon the former Chief Financial Officer's separation from the Company.

#### NOTE 14: INCOME TAXES

The Company accounts for income taxes taking into account deferred tax assets and liabilities which represent the future tax consequences of the differences between financial statement carrying amounts of assets and liabilities versus the tax basis of assets and liabilities. Under this method, deferred tax assets are recognized for deductible temporary differences, and operating loss and tax credit carryforwards. Deferred liabilities are recognized for taxable temporary differences. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The impact of tax rate changes on deferred tax assets and liabilities is recognized in the year the change is enacted. The Company's tax provision for the years ended June 30, 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
		<b>As Restated</b>
Deferred tax provision/(benefit):		
Federal	\$ (1,076,136)	\$ 2,161,232
State	(333,986)	670,754
Increase (decrease) in valuation allowance	1,286,084	(3,567,431)
<b>Income tax provision</b>	<b>\$ (124,038)</b>	<b>\$ (735,445)</b>

At June 30, 2022 and 2021, the difference between the effective income tax rate and the applicable statutory federal income tax rate is summarized as follows:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
US federal statutory income tax rate	21.0%	21.0%
State tax rate, net of federal benefit	6.5%	6.5%
Net operating loss expiration	(9.8)%	(103.6)%
Other	(10.9)%	(7.1)%
Effect of valuation allowance	(6.3)%	104.8%
Effective income tax rate	<b>0.6%</b>	<b>21.6%</b>

At June 30, 2022 and 2021, the Company's deferred tax assets were as follows:

	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
Deferred tax assets		<b>As Restated</b>
Federal and state net operating loss carry forward	\$ 27,391,158	\$ 27,074,622
Deferred stock warrants	7,901	2,678
Derivatives	(129,330)	(610,101)
Depreciation	-	(4,767)
Other temporary differences	553,987	241,610
Total deferred tax assets	<b>27,823,716</b>	<b>26,537,632</b>
Less: valuation allowance	(27,823,716)	(26,537,632)
Net deferred tax assets	<b>\$ -</b>	<b>\$ -</b>

*Valuation Allowance*

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences will become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. The Company has recorded a full valuation allowance against its net deferred tax assets because it is not currently able to conclude that it is more likely than not that these assets will be realized. The amount of deferred tax assets considered to be realizable could be increased in the near term if estimates of future taxable income during the carryforward period are increased. The valuation allowance increased by \$1,286,084 during the fiscal year ended June 30, 2022, of which \$3,414,368 of the increase relates to the calculation of the current fiscal year tax provision and offset with a \$2,128,284 decrease as a result of prior year adjustments, valuation allowance offset with deferred taxes in additional paid in capital and net operating loss expirations. The valuation allowance increased by \$3,567,431 during the fiscal year ended June 30, 2021, as a result of the fiscal year tax provision calculation and other adjustments.

#### *Other Income Tax Related Items*

At June 30, 2022 and 2021, the Company has federal net operating loss carryforwards of approximately \$99,000,000 and \$98,000,000, respectively, due to the generation of the current fiscal year net operating loss carryforward of \$8,000,000 and the expiration of the fiscal year June 30, 2002 net operating loss carryforward for approximately \$7,000,000. Net operating loss carryforwards generated before January 1, 2018, will expire through 2037. Under the Internal Revenue Code Section 382, certain stock transactions which significantly change ownership, including the sale of stock to new investors, the exercise of options to purchase stock, or other transactions between shareholders could limit the amount of net operating loss carryforwards that may be utilized on an annual basis to offset taxable income in future periods.

At June 30, 2022 and 2021, the Company had no material unrecognized tax benefits and no adjustments to liabilities or operations were required. The Company does not expect that its unrecognized tax benefits will materially increase within the next twelve months. The Company did not recognize any interest or penalties related to uncertain tax positions at June 30, 2022 and 2021.

Enacted in late 2017, the Tax Cut and Jobs Act (“TCJA”) imposed a one-time tax on earnings held outside the United States (“U.S.”). The Company did not have any earnings subject to this tax. Beginning in 2018, earnings generated outside the U.S. are not subject to U.S. tax when repatriated. If the Company engages in certain business activities, non-U.S. earnings may be required to be include in the income of the U.S. parent company. The TCJA added rules that require the U.S. parent company to include in income certain low taxed income. These so-called Global Intangible Low-Taxed Income (“GILTI”) rules are not applicable to the Company.

During May 2020, the Company received \$33,332 under the Small Business Administration’s Paycheck Protection Program (“PPP Loan”) created as part of the recently enacted CARES Act administered by the Small Business Administration (“SBA”). Certain amounts of the loan may be forgiven if they are used towards qualifying expenses as described in the CARES Act. In the event that forgiveness is applied for and received, the loan will not be considered cancellation of debt income and will be considered tax exempt for income tax purposes.

## NOTE 15: COMMITMENTS AND CONTINGENCIES

### Commitments

#### *Office Lease*

Effective February 8, 2021, the Company relocated its corporate office to 9841 Washingtonian Blvd., Suite 200, Gaithersburg, MD 20878, and incurred rent expense of \$1,350 per month through March 31, 2021, which was payable to a related party. The current lease payment is \$1,600 per month and the lease term is a month-to-month arrangement. This lease was terminated on October 26, 2022.

#### *Judgement Settlement Agreement*

Effective December 10, 2018, the Company entered into a “Judgment Settlement Agreement” to satisfy in full the Forbearance Agreement with Fife that was previously in effect. As a result, under the Judgment Settlement Agreement, no shares of the Company’s common stock are issuable or eligible to be converted into. Under the terms of the Judgment Settlement Agreement, the Company was required to pay \$15,000 per month from January 15, 2019 through and including February 15, 2020, with a final payment of \$195,000 which was due and payable in March of 2020. The Company made all required payments with the exception of the final payment of \$195,000 which was due and payable in March of 2020. On August 17, 2020, the Company entered into a second amendment (the “Second Amendment”) to the Judgement Settlement Agreement, whereby the Company issued a convertible promissory note in the principal amount of \$300,000 (the “Note”) to repay the amounts still outstanding under the Judgment Settlement Agreement. The Note matures on August 17, 2021, bears interest at a rate of 10% per annum, requires certain monthly minimum cash payments as specified in the Note, and is convertible into shares of the Company’s common stock, par value \$0.01 per share, at a conversion price as specified in the Note. The Note may be prepaid by the Company at any time prior to maturity without penalty. The Company satisfied the initial cash payment as specified in the Note. On April 13, 2021, the Company entered into a third amendment (the “Third Amendment”) to the Judgement Settlement Agreement, whereby the Company issued a convertible promissory note in the principal amount of \$300,000 (the “New Note”) to replace the Note and repay the amounts still outstanding under the Judgment Settlement Agreement. The Note matures on April 13, 2022, bears interest at a rate of 10% per annum, requires certain monthly minimum payments in cash or the Company’s common stock as specified in the New Note, and is convertible into shares of the Company’s common stock, par value \$0.01 per share, at a conversion price as specified in the New Note. The New Note may be prepaid by the Company at any time prior to maturity without penalty. On April 16, 2021, the Company paid \$235,000 to satisfy, pay in full, and extinguish the New Note and the Judgement Settlement Agreement, which resulted in a gain on debt settlement of \$549,026 during the year ended June 30, 2021 (see Note 9).

#### *Contracts and Commitments Executed Pursuant to the Transition Agreement*

In the transaction whereby, Mr. Bhatnagar acquired control of the Company on January 11, 2019, the Company entered into material commitments including an employment agreement and a warrant agreement (see Note 12).

On or about March 4, 2022, Martin Smiley, Karen Durando, Abraham Biderman, Eagle Strategic Advisers, LLC, Congregation Chazon Avrohom, and Edward Suozzo (collectively, “Plaintiffs,” or the “Prior Board”) filed a lawsuit in the Circuit Court for Montgomery County, Maryland, Smiley, et al., v. Bhatnagar, et al., Circuit Court for Montgomery County, Case No. C-15-CV-22-001015 (the “Smiley action”). In this lawsuit, Plaintiffs filed a derivative lawsuit for damages and injunctive relief against the Defendant Anshu Bhatnagar (“Bhatnagar”), former CEO of the Company, and included mPhase Technologies (“mPhase”) as a Nominal Defendant. The Complaint in the Smiley action alleges, among other things, breach of contract, fraud, negligent misrepresentation, and breach of fiduciary duty, and seeks approximately \$5 million.

On August 12, 2022, while the Smiley action was pending, Bhatnagar filed a separate complaint for damages against the Company (the “Bhatnagar Complaint”). On October 19, 2022, the Company filed counterclaims against Mr. Bhatnagar (the “mPhase Counterclaim”). See Anshu Bhatnagar v. mPhase Technologies, Inc., Circuit Court for Montgomery County, Case No. C-15-CV-22-002971. (Collectively, the “Bhatnagar action”). The mPhase counterclaim in the Bhatnagar Complaint alleges,

among other things, breach of contract, common law fraud, fraudulent inducement, securities fraud, breach of fiduciary duty, and a declaratory judgment voiding the issuance of ill-gotten shares and warrants of the company. Bhatnagar claims damages in excess of \$12 million.

On or about January 13, 2023, the Court granted the Company's Motion to Consolidate the two matters. Both matters are now under the Smiley action's caption, Case No. C-15-CV-22-001015 (the "Consolidated Action"). The trial is scheduled for this October 2023. Preliminary injunction hearings occurred on March 17, 2023, June 20, 2023 and June 27, 2023. Discovery is ongoing, the first deposition was incurred in March 2023. Separately, the Company has conducted its own investigation into the facts and circumstances underlying the allegations in the various pleadings in the Consolidated Action.

At this time we cannot predict the likelihood, or amount, if any, the Company may be liable for and therefore cannot estimate a reasonable possible range of loss, and therefore has established any contingency or liability associated with these actions. The Company excludes the estimated legal expenses associated with this and other legal, of which could be material.

#### **NOTE 16: SUBSEQUENT EVENTS**

On July 11, 2022, the Company's Board of Directors (the "Board") approved the termination of the employment of Anshu Bhatnagar as Chief Executive Officer and from all other employee or officer positions held with the Company and its subsidiaries, regardless of whether he served in such capacity.

On July 28, 2022, in connection with the termination of his employment, Mr. Bhatnagar tendered his resignation as a member of the Board and the Board accepted such resignation.

On July 29, 2022, the Company appointed Richard Thorpe ("Executive") as President and Chief Executive Officer and entered into an employment agreement ("Agreement") which included compensation components of base salary, bonus, benefits, and equity grants. The Agreement shall remain in effect until the earlier of i) the effective date of any subsequent employment agreement between the Company and Executive, or ii) the effective date of any termination of employment as provided within the Agreement.

On August 22, 2022, the Company and AJB Capital Investments, LLC ("AJB") entered into an additional securities purchase agreement (the "AJB August SPA"), Pursuant to the AJB August SPA, AJB bought a 10% promissory note with an aggregate principal amount of \$300,000 (the "AJB August Note") and warrants to purchase up to 250,000 shares of the Company's Common Stock for proceeds of \$270,000. AJB also received 2,250,000 incentive fee shares, subject to adjustment. The AJB August Note matures on February 22, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the AJB August Note and only upon the occurrence of an Event of Default (as defined in the AJB August Note), AJB may convert amounts owing under the AJB August Note into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the AJB August Note. The AJB August Note provides that the Company has 90 days to cure any events of default resulting from the Company's failure to timely make filings with the Security Exchange Commission for the quarter ending March 31, 2022 and a further 30 days to cure any events of default for any other filings failures.

On August 22, 2022, the Company and AJB Capital Investments, LLC ("AJB") entered into a One-Time Waiver / Amendment ("AJB One-Time Waiver"), whereby AJB waived any Event of Default or any other breach of any provision of its prior Purchase Agreement, the Purchaser Note or any other Transaction Document, resulting from the Company's failure to timely file all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934 for the quarter ending March 31, 2022; and (ii) in respect of Event of Default under Section 3.9 of the Note, apart from any Event of Default resulting from the Company's failure to make filings as described in the foregoing clause (i), the Company shall have thirty (30) days from the date of the failure or breach resulting in such Event of Default, to cure such Event of Default. In consideration for the AJB One-Time Waiver, the Company and AJB agreed that the reference in Section 4(o) of the prior Purchase Agreement, to 4,500,000 shares of the Company's Common Stock shall be deemed to be increased

to 9,000,000 shares of the Company's Common Stock, and that in this regard the Company shall issue to AJB an additional 4,500,000 shares of the Company's Common Stock.

On August 26, 2022, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #1"), Pursuant to the Helios Additional SPA #1, Helios bought a 10% promissory note with an aggregate principal amount of \$1,000,000 (the "Helios Additional Note #1"), and warrants to purchase up to 833,333 shares of the Company's Common Stock for proceeds of \$900,000. Helios also received 7,500,000 incentive fee shares, subject to adjustment. The Helios Additional Note #1 matures on February 26, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #1 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #1), Helios may convert amounts owing under the Helios Additional Note #1 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #1. The Helios Additional Note #1 provides that the Company has 90 days to cure any events of default resulting from the Company's failure to timely make filings with the Security Exchange Commission for the quarter ending March 31, 2022 and a further 30 days to cure any events of default for any other filings failures.

On August 26, 2022, the Company and Dunlap Capital Partners, LP ("Dunlap") entered into an additional securities purchase agreement (the "Dunlap Additional SPA #1"). Pursuant to the Dunlap Additional SPA #1, Dunlap bought a 10% promissory note with an aggregate principal amount of \$166,667 (the "Dunlap Additional Note #1"), and warrants to purchase up to 138,889 shares of the Company's Common Stock for proceeds of \$150,000. Dunlap also received 1,250,000 incentive fee shares, subject to adjustment. The Dunlap Additional Note #1 matures on February 26, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Dunlap Additional Note #1 and only upon the occurrence of an Event of Default (as defined in the Dunlap Additional Note #1), Dunlap may convert amounts owing under the Dunlap Additional Note #1 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Dunlap Additional Note #1. The Dunlap Additional Note #1 provides that the Company has 90 days to cure any events of default resulting from the Company's failure to timely make filings with the Security Exchange Commission for the quarter ending March 31, 2022 and a further 30 days to cure any events of default for any other filings failures.

On September 15, 2022, the Company and Jefferson Street Capital, LLC ("Jefferson Street") entered into a Securities Purchase Agreement ("Jefferson Street SPA"). Pursuant to the Jefferson Street SPA, Jefferson Street bought a 10% promissory note with an aggregate principal amount of \$277,778 (the "Jefferson Street Note"), and warrants to purchase up to 231,481 shares of the Company's Common Stock for proceeds of \$250,000. Jefferson Street also received 2,083,333 incentive fee shares, subject to adjustment. The Jefferson Street Note matures on March 15, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Jefferson Street Note and only upon the occurrence of an Event of Default (as defined in the Jefferson Street Note), Jefferson Street may convert amounts owing under the Jefferson Street Note into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Jefferson Street Note.

On October 14, 2022, the Company and Above All Advisors, LLC ("Above All") entered into a Securities Purchase Agreement ("Above All SPA"). Pursuant to the Above All SPA, Above All bought a 10% promissory note with an aggregate principal amount of \$222,222 (the "Above All Note"), and warrants to purchase up to 185,185 shares of the Company's Common Stock for proceeds of \$200,000 (the "Above All Purchase Price"). Above All also received 1,666,667 incentive fee shares, subject to adjustment. The Above All Note matures on April 14, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Above All Note and only upon the occurrence of an Event of Default (as defined in the Above All Note), Above All may convert amounts owing under the Above All Note into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Above All Note.

On November 8, 2022, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #2"), Pursuant to the Helios Additional SPA #2, Helios bought a 10% promissory note with an aggregate principal amount of \$305,556 (the "Helios Additional Note #2") and warrants to purchase up to 254,630 shares of the Company's Common Stock for proceeds of \$275,000. Helios also received 2,291,667 incentive fee shares, subject to adjustment. The Helios Additional Note #2 matures on June 8, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #2 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #2), Helios may convert

amounts owing under the Helios Additional Note #2 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #2. The Helios Additional Note #2 provides that the Company has 90 days to cure any events of default resulting from the Company's failure to timely make filings with the Security Exchange Commission for the quarter ending March 31, 2022 and a further 30 days to cure any events of default for any other filings failures.

On November 28, 2022, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #3"), Pursuant to the Helios Additional SPA #3, Helios bought a 20% promissory note with an aggregate principal amount of \$200,000 (the "Helios Additional Note #3") and for proceeds of \$160,000. The Helios Additional Note #3 matures on February 28, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #3 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #3), Helios may convert amounts owing under the Helios Additional Note #3 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #3.

On November 28, 2022, the Company and AJB Capital Investments, LLC ("AJB") entered into an additional securities purchase agreement (the "AJB November SPA"), Pursuant to the AJB November SPA, AJB bought a 20% promissory note with an aggregate principal amount of \$200,000 (the "AJB November Note") for proceeds of \$160,000. The AJB November Note matures on February 28, 2023, bears no interest until an Event of Default, and beginning 180 days after the issuance of the AJB November Note and only upon the occurrence of an Event of Default (as defined in the AJB November Note), AJB may convert amounts owing under the AJB November Note into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the AJB November Note.

On December 12, 2022, the Company's outstanding balance of \$1,275,000 between the Company and GCF Resources, LLC ("GCF") was assigned to GA Acquisitionco 2022, LLC ("GA"). Upon the assignment to GA, the Company issued GA warrants to purchase up to 1,062,500 shares of Common Stock and 1,416,667 incentive fee shares, subject to adjustment. The assigned balance bears interest at the rate of 10% per annum.

On December 23, 2022, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #4"), Pursuant to the Helios Additional SPA #4, Helios bought a 10% promissory note with an aggregate principal amount of \$166,667 (the "Helios Additional Note #4") and warrants to purchase up to 138,889 shares of the Company's Common Stock for proceeds of \$150,000. Helios also received 1,250,000 incentive fee shares, subject to adjustment. The Helios Additional Note #4 matures on June 23, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #4 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #4), Helios may convert amounts owing under the Helios Additional Note #4 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #4.

On January 19, 2023, the Company and Above All Advisors, LLC ("Above All") entered into a Securities Purchase Agreement ("Above All SPA #2"). Pursuant to the Above All SPA #2, Above All bought a 10% promissory note with an aggregate principal amount of \$111,111 (the "Above All Note #2"), and warrants to purchase up to 92,593 shares of the Company's Common Stock for proceeds of \$100,000 (the "Above All Purchase Price #2"). Above All also received 833,333 incentive fee shares, subject to adjustment. The Above All Note #2 matures on July 19, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Above All Note #2 and only upon the occurrence of an Event of Default (as defined in the Above All Note #2), Above All may convert amounts owing under the Above All Note #2 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Above All Note #2.

On March 14, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #5"), Pursuant to the Helios Additional SPA #5, Helios bought a 10% promissory note with an aggregate principal amount of \$688,889 (the "Helios Additional Note #5") and warrants to purchase up to 574,074 shares of the Company's Common Stock for proceeds of \$620,000. Helios also received 5,166,667 incentive fee shares, subject to adjustment. The Helios Additional Note #5 matures on September 14, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #5 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #5), Helios may



convert amounts owing under the Helios Additional Note #5 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #5.

On April 14, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #6"), Pursuant to the Helios Additional SPA #6, Helios bought a 10% promissory note with an aggregate principal amount of \$333,333 (the "Helios Additional Note #6") and warrants to purchase up to 277,778 shares of the Company's Common Stock for proceeds of \$300,000. Helios also received 2,500,000 incentive fee shares, subject to adjustment. The Helios Additional Note #6 matures on October 14, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #6 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #6), Helios may convert amounts owing under the Helios Additional Note #6 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #6.

On June 17, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #7"), Pursuant to the Helios Additional SPA #7, Helios bought a 10% promissory note with an aggregate principal amount of \$455,556 (the "Helios Additional Note #7") and warrants to purchase up to 379,630 shares of the Company's Common Stock for proceeds of \$300,000. Helios also received 3,416,667 incentive fee shares, subject to adjustment. The Helios Additional Note #7 matures on December 15, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #7 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #7), Helios may convert amounts owing under the Helios Additional Note #7 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #7.

On July 10, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #8"), Pursuant to the Helios Additional SPA #8, Helios bought a 10% promissory note with an aggregate principal amount of \$277,778 (the "Helios Additional Note #8") and warrants to purchase up to 231,481 shares of the Company's Common Stock for proceeds of \$250,000. Helios also received 2,083,333 incentive fee shares, subject to adjustment. The Helios Additional Note #8 matures on January 8, 2024, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #8 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #8), Helios may convert amounts owing under the Helios Additional Note #8 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #8.

On July 24, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #9"), Pursuant to the Helios Additional SPA #9, Helios bought a 10% promissory note with an aggregate principal amount of \$188,889 (the "Helios Additional Note #9") and warrants to purchase up to 157,407 shares of the Company's Common Stock for proceeds of \$170,000. Helios also received 1,416,667 incentive fee shares, subject to adjustment. The Helios Additional Note #9 matures on January 24, 2024, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #9 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #9), Helios may convert amounts owing under the Helios Additional Note #9 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #9.

On November 28, 2022, the Company and AJB Capital Investments, LLC ("AJB") entered into an additional securities purchase agreement (the "AJB November SPA"), Pursuant to the AJB November SPA, AJB bought a 20% promissory note with an aggregate principal amount of \$200,000 (the "AJB November Note") for proceeds of \$160,000. The AJB November Note matures on February 28, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the AJB November Note and only upon the occurrence of an Event of Default (as defined in the AJB November Note), AJB may convert amounts owing under the AJB November Note into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the AJB November Note.

On December 18, 2022, the Company and Investors entered into an additional securities purchase agreement (the "Additional SPA #4"), Pursuant to the Additional SPA #4, Investors bought a 10% promissory note with an aggregate principal amount of \$1,275,000 (the "Additional Note #4") and warrants (the "Additional Warrants #4") to purchase up to 1,062,500 shares of Common Stock and for proceeds of \$770,000 (the "Purchase Price #4"). Helios also received

1,416,667 incentive fee shares, subject to adjustment. The Additional Note #4 matures on June 12, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Additional Note #4 and only upon the occurrence of an Event of Default (as defined in the Additional Note #4), Investors may convert amounts owing under the Additional Note #4 into shares of Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Additional Note #4. The Additional Note #4 provides that the Company has 90 days to cure any events of default resulting from the Company's failure to timely make filings with the Security Exchange Commission for the quarter ending March 31, 2022 and a further 30 days to cure any events of default for any other filings failures. Proceeds from this Additional Note #4 were used to fully satisfy the outstanding balance of the non-recourse Future Receivables Agreement.

On December 23, 2022, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #4"), Pursuant to the Helios Additional SPA #4, Helios bought a 10% promissory note with an aggregate principal amount of \$166,667 (the "Helios Additional Note #4") and warrants to purchase up to 138,889 shares of the Company's Common Stock for proceeds of \$150,000. Helios also received 1,250,000 incentive fee shares, subject to adjustment. The Helios Additional Note #4 matures on June 23, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #4 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #4), Helios may convert amounts owing under the Helios Additional Note #4 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #4.

On January 19, 2023, the Company and Above All Advisors, LLC ("Above All") entered into a Securities Purchase Agreement ("Above All SPA #2"). Pursuant to the Above All SPA #2, Above All bought a 10% promissory note with an aggregate principal amount of \$111,111 (the "Above All Note #2"), and warrants to purchase up to 92,593 shares of the Company's Common Stock for proceeds of \$100,000 (the "Above All Purchase Price #2"). Above All also received 833,333 incentive fee shares, subject to adjustment. The Above All Note #2 matures on July 19, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Above All Note #2 and only upon the occurrence of an Event of Default (as defined in the Above All Note #2), Above All may convert amounts owing under the Above All Note #2 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Above All Note #2.

On March 14, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #5"), Pursuant to the Helios Additional SPA #5, Helios bought a 10% promissory note with an aggregate principal amount of \$688,889 (the "Helios Additional Note #5") and warrants to purchase up to 574,074 shares of the Company's Common Stock for proceeds of \$620,000. Helios also received 5,166,667 incentive fee shares, subject to adjustment. The Helios Additional Note #5 matures on September 14, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #5 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #5), Helios may convert amounts owing under the Helios Additional Note #5 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #5.

On April 14, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #6"), Pursuant to the Helios Additional SPA #6, Helios bought a 10% promissory note with an aggregate principal amount of \$333,333 (the "Helios Additional Note #6") and warrants to purchase up to 277,778 shares of the Company's Common Stock for proceeds of \$300,000. Helios also received 2,500,000 incentive fee shares, subject to adjustment. The Helios Additional Note #6 matures on October 14, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #6 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #6), Helios may convert amounts owing under the Helios Additional Note #6 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #6.

On June 17, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #7"), Pursuant to the Helios Additional SPA #7, Helios bought a 10% promissory note with an aggregate principal amount of \$455,556 (the "Helios Additional Note #7") and warrants to purchase up to 379,630 shares of the Company's Common Stock for proceeds of \$300,000. Helios also received

3,416,667 incentive fee shares, subject to adjustment. The Helios Additional Note #7 matures on December 15, 2023, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #7 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #7), Helios may convert amounts owing under the Helios Additional Note #7 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #7.

On July 10, 2023, the Company and Helios Alpha Fund, LP ("Helios") entered into an additional securities purchase agreement (the "Helios Additional SPA #8"), Pursuant to the Helios Additional SPA #8, Helios bought a 10% promissory note with an aggregate principal amount of \$ 277,778 (the "Helios Additional Note #8") and warrants to purchase up to 231,481 shares of the Company's Common Stock for proceeds of \$250,000. Helios also received 2,083,333 incentive fee shares, subject to adjustment. The Helios Additional Note #8 matures on January 8, 2024, bears interest at the rate of 10% per annum and beginning 180 days after the issuance of the Helios Additional Note #8 and only upon the occurrence of an Event of Default (as defined in the Helios Additional Note #8), Helios may convert amounts owing under the Helios Additional Note #8 into shares of the Company's Common Stock. The Company has the right to prepay all or any portion of the outstanding balance of the Helios Additional Note #8.

**mPHASE TECHNOLOGIES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

<b>Exhibit Number</b>	<b>Description</b>
2.1	<a href="#"><u>Exchange of Stock Agreement and Plan of Reorganization (Incorporated by reference to Exhibit 2(a) to our registration statement on Form 10SB-12G filed on October 16, 1998).</u></a>
2.2	<a href="#"><u>Exchange of Stock Agreement and Plan of Reorganization dated June 25, 1998 (Incorporated by reference to Exhibit 2(b) to our registration statement on Form 10SB-12G filed on May 6, 1999).</u></a>
3.1	<a href="#"><u>Certificate of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to Form S-1 filed July 19, 2019, Registration No. 333-23273).</u></a>
3.2	<a href="#"><u>By Laws of the Company (Incorporated by reference to Exhibit 3.3 to Form S-1 filed July 19, 2019, Registration No. 333-23273).</u></a>
3.3	<a href="#"><u>Amendment to Certificate of Incorporation of the Company increasing the authorized shares of common stock to 100 million shares from 25 million shares (Incorporated by reference to Form 8-K filed September 9, 2019).</u></a>
3.4	<a href="#"><u>Amendment to Certificate of Incorporation of the Company increasing the authorized shares of common stock to 250 million shares from 100 million shares (Incorporated by reference to Form 8-K filed July 17, 2020).</u></a>
3.5	<a href="#"><u>Amendment to Certificate of Incorporation of the Company increasing the authorized shares of common stock to 500 million shares from 250 million shares (Incorporated by reference to Form 8-K filed August 6, 2020).</u></a>
4.1	<a href="#"><u>Definitive Schedule 14C Information Statement for a 5000/1 Reverse Split of the Company's Common stock (filed April 22, 2019).</u></a>
10.1	<a href="#"><u>Development Agreement effective February 3, 2004 between Lucent Technologies, Inc. and mPhase Technologies for development of micro fuel cell Nano Technology (Incorporated by reference to Exhibit 10.18 to Amendment No. 6 to Form 10-K filed August 13, 2010).</u></a>
10.2	<a href="#"><u>Amendment No.2 to Development Agreement executed as of March 9, 2005 amending Development Agreement effective as of February 3, 2004, as amended relating to Micro Power Source Cells between mPhase Technologies, Inc. and Lucent Technologies, Inc. (Incorporated by reference to Exhibit 10.22 to Amendment No. 6 to Form 10-K filed August 13, 2010).</u></a>
10.3	<a href="#"><u>Amendment No. 3 dated May 19, 2006 to Development Agreement between Lucent Technologies, Inc. and mPhase Technologies, Inc. effective February 3, 2004 for development of micro fuel cell nanotechnology (Incorporated by reference to Exhibit 10.33 to Amendment No. 1 to Form 10-K filed August 13, 2010).</u></a>
10.4	<a href="#"><u>Amendment No. 4 dated February 3, 2007 to Development Agreement effective February 3, 2004 for development of Micro Fuel Cell Nanotechnology (Incorporated by reference to Exhibit 10.34 to Amendment No. 6 to Form 10-K filed August 13, 2010).</u></a>
10.5	<a href="#"><u>Phase I U.S. Army Grant dated July 7, 2007 (Incorporated by reference to Exhibit 10.46 to Form 10-K filed October 7, 2009).</u></a>
10.6	<a href="#"><u>Documentation including \$350,000 Note and \$1,000,000 Secured Note for financing between the Company and JMJ Financial dated March 25, 2008 (Incorporated by reference to Exhibit 10.49 to Form 10-K filed October 7, 2009).</u></a>
10.7	<a href="#"><u>Phase II U.S. Army grant dated August 29, 2008 (Incorporation by reference to Exhibit 10.52 to Form 10-K filed October 6, 2009).</u></a>
10.8	<a href="#"><u>Forbearance Agreement dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Incorporated by reference to Exhibit 99.1 to Form 8-K filed September 16, 2011).</u></a>
10.9	<a href="#"><u>Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc and John Fife (Incorporated by reference to Exhibit 99.2 to Form 8-K filed September 16, 2011).</u></a>
10.10	<a href="#"><u>Officer's Certificate delivered pursuant to Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Incorporated by reference to Exhibit 99.3 to Form 8-K filed September 16, 2011).</u></a>
10.11	<a href="#"><u>Confession of Judgment 1 delivered pursuant to Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Incorporated by reference to Exhibit 99.4 to Form 8-K filed September 16, 2011).</u></a>

- 10.12 [Confession of Judgment 2 delivered pursuant to Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife \(Incorporated by reference to Exhibit 99.5 to Form 8-K filed September 16, 2011\).](#)
- 10.13 [Registration Rights Agreement dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife \(Incorporated by reference to Exhibit 99.6 to Form 8-K filed September 16, 2011\).](#)
- 10.14 [Convertible Note dated September 13, 2011 issued by mPhase Technologies, Inc. to John Fife \(Incorporated by reference to Exhibit 99.7 to Form 8-K filed September 16, 2011\).](#)
- 10.15 [Stand Still and Restructuring Agreement entered into as of May 31, 2012 with John Fife \(Incorporated by reference to Exhibit 99.1 to Form 8-K filed June 5, 2012\).](#)
- 10.16 [Stand Still and Restructuring Agreement entered into as of June 1, 2012 with JMJ Financial \(Incorporated by reference to Exhibit 99.2 to Form 8-K filed June 5, 2012\).](#)
- 10.17 [Forbearance Agreement and Amendment thereto dated February 15, 2015 as amended on August 11, 2015 with John Fife \(Incorporated by reference to Exhibits 99.1 and 99.2 to form 8-K filed August 12, 2015\).](#)
- 10.18 [Second Modification to Forbearance Agreement with John Fife \(Incorporated by reference to Exhibit 99.1 to Form 8-K filed January 29, 2016\).](#)
- 10.19 [Third Modification to Forbearance Agreement with John Fife \(Incorporated by reference to Exhibit 99.1 to Form 8-K filed May 23rd, 2016\).](#)
- 10.20 [Amendment to Judgment Settlement Agreement with John Fife \(Incorporated by reference to Exhibit 10.1 to Form 8-K filed February 23, 2018\).](#)
- 10.21 [Debt/Equity Conversion Agreements of Related Parties, dated as of January 1, 2018 \(Incorporated by reference to Exhibit 10.97 to Form 10-K filed October 15, 2018\).](#)
- 10.22+ [Employment Agreement dated as of January 11, 2019 between Mr. Anshu Bhatnagar and mPhase Technologies, Inc. \(Incorporated by reference to Exhibit 10.1 to Form 8-K filed January 14, 2019\).](#)
- 10.23 [Transition Agreement dated as of January 11, 2019 \(Incorporated by reference to Exhibit 10.2 to Form 8-K filed January 14, 2019\).](#)
- 10.24+ [Warrant granted to Mr. Anshu Bhatnagar \(Incorporated by reference to Exhibit 10.3 to Form 8-K filed January 14, 2019\).](#)
- 10.25 [Reserve Agreement \(Incorporated by reference to Exhibit 10.5 to Form 8-K filed January 14, 2019\).](#)
- 10.26 [Debt Conversion Agreement \(Incorporated by reference to Exhibit 10.6 to Form 8-K filed January 14, 2019\).](#)
- 10.27 [Officers and Directors Resignation Letters \(Incorporated by reference to Exhibit 10.7 to Form 8-K filed January 14, 2019\).](#)
- 10.28 [Amendment to Judgment Settlement Agreement with John Fife \(Incorporated by reference to Exhibit 10.1 to Form 8-K filed February 11, 2019\).](#)
- 10.29+ [Employment Agreement effective June 1, 2020 between Christopher Cutchens and the Company \(Incorporated by reference to Exhibit 10.1 to Form 8-K filed June 6, 2019\).](#)
- 10.30 [Product License and Content Agreement \(“Agreement”\) between the Company and iLearningEngines, Inc., a Delaware corporation \(“ILE”\). \(Incorporated by reference to Exhibit 1 to Amendment No. 1 to Form 8-K, filed August 12, 2019\).](#)
- 10.31 [Amendment to Reserve Agreement dated October 9, 2020 \(Incorporated by reference to Exhibit 10.37 to Form 10-K filed October 15, 2019\).](#)
- 10.32 [Asset Purchase Agreement dated as of May 11, 2020 between the Company and CloseComms Limited \(Incorporated by reference to Form 8-K Exhibit 10.1 filed May 15, 2020\).](#)
- 10.33 [Common Stock Purchase Agreement and Registration Rights Agreement, by and among mPhase Technologies, Inc. and White Lion Capital, LLC, dated July 13, 2020 \(Incorporated by reference to Form 8-K Exhibits 10.1 and 10.2 filed July 17, 2020\).](#)
- 10.34+ [Exchange Agreement dated as of July 15, 2020 between Mr. Anshu Bhatnagar and mPhase Technologies, Inc. \(Incorporated by reference to Form 8-K Exhibit 10.3 filed July 17, 2020\).](#)
- 10.35 [Second Amendment to Judgment Settlement Agreement with John Fife and Convertible Promissory Note each dated August 17, 2020 \(Incorporated by reference to Exhibit 10.1 to Form 8-K filed August 21, 2020\).](#)

- 10.36 Securities Purchase Agreement, Convertible Promissory Note, and Warrant Agreement each dated April 6, 2021 between the Company and Evergreen Capital Management LLC (Incorporated by reference to Form 8-K Exhibits [10.1](#), [4.1](#), and [4.2](#), respectively, filed April 13, 2021).
- 10.37 Securities Purchase Agreement, Convertible Promissory Note, and Warrant Agreement each dated May 4, 2021 between the Company and two Accredited Investors (Incorporated by reference to Form 8-K Exhibits [10.1](#), [4.1](#), and [4.2](#), respectively, filed May 11, 2021).
- 10.38 [Third Amendment to Judgment Settlement Agreement with John Fife and Convertible Promissory Note each dated as of April 13, 2021 \(Incorporated by reference to Form 10-Q Exhibit 10.1 filed May 17, 2021\).](#)
- 10.39+ [Employment Agreement effective May 17, 2021 between Venkat Kodumudi and the Company \(Incorporated by reference to Form 8-K Exhibit 10.1 filed May 21, 2021\).](#)
- 10.40 [Form of Director Agreement effective August 27, 2021 between Suhas Subramanyam, Chester White, and Thomas Fore and the Company \(Incorporated by reference to Form 8-K Exhibit 10.1 filed September 2, 2021\).](#)
- 16.1 [Letter from Assurance Dimensions, Inc. \(Incorporated by reference to Form 8-K Exhibit 16.1 filed August 25, 2020\).](#)
- 20.1 Financial Statements of Alpha Predictions (Incorporated by reference to Exhibits [99.1](#) and [99.2](#) to Form 8-K/A Amendment No. 1 filed September 13, 2019).
- 21.1\* [List of subsidiaries.](#)
- 31.1\* [Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1\* [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

## Exhibit 21.1

### Subsidiaries

mPhase Technologies India Private Limited, an India private limited company  
mPower Technologies, Inc., a New Jersey corporation  
Always Ready, Inc., a New Jersey corporation  
MEDDS, Inc., a Wyoming corporation  
Microphase Telecommunications, Inc., a Delaware corporation  
mPhase TV.net, Inc., a Delaware corporation  
mPhase Television.Net, Inc., a Connecticut corporation

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