

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

FORM 10-Q

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

For the quarterly period ended: December 31, 2023

Or

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

For the Transition Period from _____ to _____

Commission File Number: **000-55406**

NIGHTFOOD HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada (State or Other Jurisdiction of Incorporation or Organization)	46-3885019 (I.R.S. Employer Identification No.)
520 White Plains Road, Suite 500 Tarrytown, New York (Address of Principal Executive Offices)	10591 (Zip Code)

888-888-6444
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

At March 31, 2024, the issuer had 127,907,407 shares of common stock outstanding.

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Nightfood Holdings, Inc.



Item 1. Financial Statements

Financial Statements

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Nightfood Holdings, Inc.

**CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	<u>December 31, 2023</u>	<u>June 30, 2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,804	\$ 44,187
Accounts receivable	30,281	33,396
Inventory	133,371	276,202
Other current assets	133,410	92,726
Total current assets	<u>302,866</u>	<u>446,511</u>
 Total assets	 <u>\$ 302,866</u>	 <u>\$ 446,511</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 747,702	\$ 604,516
Accounts payable and accrued liabilities - related party	160,901	101,876
Convertible notes payable - net of discounts	2,196,981	1,491,719
Total current liabilities	<u>3,105,584</u>	<u>2,198,111</u>
Commitments and contingencies (Note 12)		
Stockholders' equity (deficit):		
Series A Stock, \$0.001 par value, 1,000,000 shares authorized 1,000 issued and outstanding as of December 31, 2023 and June 30, 2023, respectively	1	1
Series B Stock, \$0.001 par value, 5,000 shares authorized 1,950 issued and outstanding as of December 31, 2023, 2023 and June 30, 2023, respectively	2	2
Common stock, \$0.001 par value, 200,000,000 shares authorized 127,221,301 and 123,587,968 issued and outstanding as of December 31, 2023 and June 30, 2023, respectively	127,221	123,588
Additional paid in capital	34,003,451	33,112,935
Accumulated deficit	(36,933,393)	(34,988,126)
Total Stockholders' Equity (Deficit)	<u>(2,802,718)</u>	<u>(1,751,600)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 302,866</u>	<u>\$ 446,511</u>

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

Nightfood Holdings, Inc.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months Ended December 31,		For the six months Ended December 31,	
	2023	2022	2023	2022
Revenues, net of slotting and promotion	\$ 601	\$ 13,369	\$ 9,071	\$ 93,339
Operating expenses				
Cost of product sold	996	41,996	58,576	167,117
Advertising and promotional	6,722	53,169	(409)	90,335
Selling, general and administrative expense	53,437	104,292	213,448	230,636
Professional fees	114,116	491,448	337,316	841,397
Total operating expenses	175,271	690,908	608,931	1,329,485
Loss from operations	(174,670)	(677,539)	(599,860)	(1,236,146)
Other income and expenses				
Interest expense - debt	63,040	34,382	106,736	57,328
Interest expense – financing cost	52,260	3,377,927	804,160	3,510,910
Amortization of debt discount	201,481	484,907	413,740	1,029,452
Gain on debt extinguishment	-	(14,493)	-	(72,464)
Total other expense	316,784	3,882,723	1,324,636	4,525,226
Net Loss	(491,454)	(4,560,262)	(1,924,496)	(5,761,372)
Deemed dividend on Series B Preferred Stock	-	3,340,203	20,771	3,685,665
Net loss attributable to common shareholders	(491,454)	(7,900,465)	(1,945,267)	(9,447,037)
Basic and diluted net loss per common share	\$ (0.004)	\$ (0.08)	\$ (0.015)	\$ (0.10)
Weighted average shares of capital outstanding – basic and diluted	127,162,606	97,436,644	125,973,113	95,075,293

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

Nightfood Holdings, Inc.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the three and six months ended December 31, 2023, and 2022

	Common Stock		Preferred Stock A		Preferred Stock B		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value	Shares	Par Value	Shares	Par Value			
Balance, June 30, 2023	123,587,968	\$ 123,588	1,000	\$ 1	1,950	\$ 2	\$ 33,112,935	\$ (34,988,126)	\$ (1,751,600)
Common stock issued as financing cost	3,333,333	3,333					46,667		50,000
Issuance of warrants							84,230		84,230
Warrants issued associated with Promissory Notes							9,878		9,878
Warrants issued as financing cost							699,350		699,350
Deemed dividends associated with warrant related dilutive adjustments							20,771	(20,771)	-
Net loss								(1,433,042)	(1,433,042)
Balance, September 30, 2023	126,921,301	\$ 126,921	1,000	\$ 1	1,950	\$ 2	\$ 33,973,831	\$ (36,441,939)	\$ (2,341,184)
Shares issued as consulting fee	300,000	300					7,500		7,800
Warrants issued as financing cost							22,120		22,120
Net loss								(491,454)	(491,454)
Balance, December 31, 2023	127,221,301	\$ 127,221	1,000	\$ 1	1,950	\$ 2	\$ 34,003,451	\$ (36,933,393)	\$ (2,802,718)

	Common Stock		Preferred Stock A		Preferred Stock B		Additional Paid in Capital	Deferred Compensation	Accumulated Deficit	Total Stockholders' Equity
	Shares	Par Value	Shares	Par Value	Shares	Par Value				
Balance, June 30, 2022	91,814,484	\$ 91,814	1,000	\$ 1	3,260	\$ 3	\$ 28,275,216	\$ -	\$ (28,101,458)	\$ 265,576
Common stock issued for services	100,000	100					19,910			20,010
Common stock from conversion	4,050,000	4,050			(810)	(1)	(4,049)			-
Discount on issuance of convertible notes							290,070			290,070
Warrants issued and dilutive warrant adjustment as financing cost							65,783			65,783
Deemed dividends associated with related dilutive warrant adjustments							345,462		(345,462)	-
Warrants dilutive adjustment as consulting fees							108,126			108,126
Net loss									(1,201,110)	(1,201,110)
Balance, September 30, 2022	95,964,484	\$ 95,964	1,000	\$ 1	2,450	\$ 2	\$ 29,100,518	\$ -	\$ (29,648,030)	\$ (451,545)
Common stock from conversion	750,000	750			(150)		(750)			-
Warrants exercise cashless	586,111	586					(586)			-
Units issued under Regulation A offering	1,829,400	1,830					222,785			224,615
Common stock issued for services	182,859	183					31,817	(16,000)		16,000
Common stock issued as financing cost	500,000	500					59,500			60,000
Vested warrants for services							5,250			5,250
Warrants dilutive adjustment as consulting fees							305,829			305,829
Warrants issued and dilutive warrant adjustment as financing cost							1,220,790			1,220,790
Deemed dividends associated with related dilutive warrant adjustments							3,340,203		(3,340,203)	-
Net loss									(4,560,262)	(4,560,262)
Balance, December 31, 2022	99,812,854	\$ 99,813	1,000	\$ 1	2,300	\$ 2	\$ 34,285,356	\$ (16,000)	\$ (37,630,385)	\$ (3,179,323)

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

Nightfood Holdings, Inc.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended December 31, 2023	Six months ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,924,496)	\$ (5,761,372)
Adjustments to reconcile net loss to net cash used in operations activities:		
Warrants issued for services	84,230	419,205
Warrants and returnable warrants issued for financing cost	721,470	1,286,573
Stock issued for services	7,800	36,010
Stock issued for financing costs	50,000	60,000
Amortization of debt discount	413,740	1,029,452
Loss on extinguishment of debt upon note conversions	-	(72,464)
Financing cost due to conversion price adjustments	-	1,843,475
Financing cost due to default	-	181,159
Impairment of inventory	145,555	-
Write down of other current assets	46,130	-
Change in operating assets and liabilities		
Change in accounts receivable	3,115	19,253
Change in inventory	(2,724)	(122,086)
Change in other current assets	(86,814)	34,771
Change in accounts payable	143,187	283,859
Change in accrued expenses	59,024	24,000
Net cash used in operating activities	(339,783)	(738,165)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of units under Reg A	-	224,615
Proceeds from the issuance of debt, net	301,400	644,000
Repayment to convertible notes	-	(362,319)
Net cash provided by financing activities	301,400	506,296
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,383)	(231,869)
Cash and cash equivalents, beginning of period	44,187	280,877
Cash and cash equivalents, end of period	\$ 5,804	\$ 49,008
Supplemental Disclosure of Cash Flow Information:		
Cash Paid For:		
Interest	\$ -	\$ 39,452
Income taxes	\$ -	\$ -
Summary of Non-Cash Investing and Financing Information:		
Warrants and returnable warrants issued for financing cost	721,470	1,286,573
Stock issued for financing costs	50,000	60,000
Common stock issued for preferred stock conversions	\$ -	\$ 850
Deemed dividend associated with preferred B stock and dilutive warrant adjustments	\$ 20,771	\$ 3,685,665
Debt and warrant discounts related to convertible notes	\$ 63,066	\$ -

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Going Concern

Nightfood Holdings, Inc. (“we”, “us”, “the Company” or “Nightfood”) is a Nevada corporation incorporated on October 16, 2013, to acquire all of the issued and outstanding shares of Nightfood, Inc., a New York corporation from its sole shareholder, Sean Folkson. For the reporting period, all of our operations were being conducted through subsidiary Nightfood, Inc. We are also the sole shareholder of MJ Munchies, Inc., currently revoked in the State of Nevada, which owns certain intellectual property, but does not have any operations as of the period covered by these financial statements.

Our corporate address is 520 White Plains Road – Suite 500, Tarrytown, New York 10591 and our telephone number is 888-888-6444. We maintain a web site at www.nightfood.com, along with many additional web properties. Any information that may appear on our web site should not be deemed to be a part of this report.

The Company’s fiscal year end is June 30.

Going Concern

- The Company’s financial statements are prepared using generally accepted accounting principles, which contemplate the realization of assets and liquidation of liabilities in the normal course of business. No certainty of continuation can be stated.
- The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. For the six months ended December 31, 2023, the Company had an operating and net loss of \$1,945,267, cash flow used in operations of \$339,783 and an accumulated deficit of \$36,933,393.
- The Company has limited available cash resources and we do not believe our cash on hand will be sufficient to fund our operations and growth throughout fiscal year 2024 or adequate to satisfy our immediate or ongoing working capital needs. We are currently in default with respect to the terms of several of our convertible notes payable.

The Company is continuing to seek to raise capital through the sales of its common stock, preferred stock and/or convertible notes, as well as potentially the exercise of outstanding warrants, to finance the Company’s operations, of which it can give no assurance of success. Management has devoted a significant amount of time to the raising of capital from additional debt and equity financing. However, the Company’s ability to continue as a going concern is dependent upon raising additional funds through debt and equity financing and generating revenue. Additionally, management is investing in the acquisition of additional revenue generating assets through the issuance of debt and/or equity to further assist the Company’s growth initiatives. As of December 31, 2023 we have advanced proceeds totaling \$92,500 to potential acquisition targets, which were acquired subsequent to the reporting period (ref: Note 15).

- Because the Company has limited sales, no certainty of continuation can be stated. The Company’s ability to continue as a going concern is dependent upon raising additional funds through debt and equity financing and generating revenue. In addition, the Company will receive the proceeds from its outstanding warrants as, if and when such warrants are exercised for cash. There are no assurances the Company will receive the necessary funding or generate revenue necessary to fund operations.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- Even if the Company is successful in raising additional funds, the Company cannot give any assurance that it will, in the future, be able to achieve a level of profitability from the sale of its products to sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on recoverability and reclassification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.
- From both public statements observed, and conversations conducted between Nightfood management and current and former executives from certain global food and beverage conglomerates, it has been affirmed to management that there is increased strategic interest in the nighttime nutrition space as a potential high-growth opportunity, partially due to recent declines in consumer sleep quality and increases in at-home nighttime snacking.
- The Company has experienced no major issues with supply chain or logistics. Order processing function has been normal to date, and its manufacturers have assured the Company that their operations are "business as usual" as of the time of this filing.

2. Summary of Significant Accounting Policies

Management is responsible for the fair presentation of the Company's financial statements, prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Interim Financial Statements

These unaudited condensed consolidated financial statements for the three and six months ended December 31, 2023, and 2022, respectively, reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with the accounting principles generally accepted in the United States of America.

These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the fiscal years ended June 30, 2023 and 2022, respectively, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed with the United States Securities and Exchange Commission on October 13, 2023. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited consolidated financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the three and six months ended December 31, 2023 are not necessarily indicative of results for the entire year ending June 30, 2024.

Use of Estimates

- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used in the determination of depreciation and amortization, the valuation for non-cash issuances of common stock, and the website, income taxes and contingencies, valuing convertible preferred stock for a "beneficial conversion feature" ("BCF") and warrants among others.

Cash and Cash Equivalents

- The Company classifies as cash and cash equivalents amounts on deposit in the banks and cash temporarily in various instruments with original maturities of three months or less at the time of purchase. The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation ("FDIC") covers \$250,000 for substantially all depository accounts. The Company from time to time may have amounts on deposit in excess of the insured limits.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Financial Instruments

- Statement of financial accounting standard FASB Topic 820, Disclosures about Fair Value of Financial Instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for assets and liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Inventories

- Inventories consisting of packaged food items and supplies are stated at the lower of cost (FIFO) or net realizable value, including provisions for spoilage commensurate with known or estimated exposures which are recorded as a loss on write down of inventory during the period spoilage is incurred as a part of selling, general and administrative expenses. The Company has no minimum purchase commitments with its vendors. During the three and six months ended December 31, 2023 the Company wrote down inventory balances by \$32,359 and \$145,555, respectively, as a result of damage, loss and spoilage.

Advertising Costs

- Advertising costs are expensed when incurred and are included in advertising and promotional expense in the accompanying statements of operations. Although not traditionally thought of by many as “advertising costs”, the Company includes expenses related to graphic design work, package design, website design, domain names, and product samples in the category of “advertising costs”. The Company recorded advertising costs of \$6,722 and \$53,169 for the three months ended December 31, 2023 and 2022, respectively. The Company recorded a gain from advertising costs of \$409 and advertising costs of \$90,335 for the six months ended December 31, 2023 and 2022, respectively. The gain to advertising costs in the six months ended December 31, 2023 was the result of credits applied to certain previously accrued advertising expenses in the six months ended December 31, 2023.

Income Taxes

- The Company has not generated any taxable income, and, therefore, no provision for income taxes has been provided. Deferred income taxes are reported for timing differences between items of income or expense reported in the financial statements and those reported for income tax purposes in accordance with FASB Topic 740, “Accounting for Income Taxes”, which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for tax loss and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.
- A valuation allowance has been recorded to fully offset the deferred tax asset even though the Company believes it is more likely than not that the assets will be utilized
- The Company’s effective tax rate differs from the statutory rates associated with taxing jurisdictions because of *permanent and temporary* timing differences as well as a valuation allowance.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Revenue Recognition

- The Company generates its revenue by selling its nighttime snack products wholesale to retailers and wholesalers. All sources of revenue are recorded pursuant to FASB Topic 606 Revenue Recognition, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when the entity satisfies a performance obligation. In addition, this revenue generation requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.
- The Company revenue from contracts with customers provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- The Company incurs costs associated with product distribution, such as freight and handling costs. The Company has elected to treat these costs as fulfillment activities and recognizes these costs at the same time that it recognizes the underlying product revenue. As this policy election is in line with the Company's previous accounting practices, the treatment of shipping and handling activities under FASB Topic 606 did not have any impact on the Company's results of operations, financial condition and/or financial statement disclosures.
- The adoption of ASC 606 did not result in a change to the accounting for any of the Company's revenue streams that are within the scope of the amendments. The Company's services that fall within the scope of ASC 606 are recognized as revenue as the Company satisfies its obligation to the customer.
- In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which updates revenue recognition guidance relating to contracts with customers. This standard states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for annual reporting periods, and interim periods therein, beginning after July 1, 2018. The Company adopted ASU 2014-09 and its related amendments (collectively known as "ASC 606") during the first quarter of fiscal 2019 using the full retrospective method.
- Management reviewed ASC 606-10-32-25 which states "*Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer (or to other parties that purchase the entity's goods or services from the customer). Consideration payable to a customer also includes credit or other items (for example, a coupon or voucher) that can be applied against amounts owed to the entity (or to other parties that purchase the entity's goods or services from the customer). An entity shall account for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service (as described in paragraphs 606-10-25-18 through 25-22) that the customer transfers to the entity. If the consideration payable to a customer includes a variable amount, an entity shall estimate the transaction price (including assessing whether the estimate of variable consideration is constrained) in accordance with paragraphs 606-10-32-5 through 32-13.*"
- If the consideration payable to a customer is a payment for a distinct good service, then in accordance with ASC 606-10-32-26, the entity should account for it the same way that it accounts for other purchases from suppliers (expense). Further, "*if the amount of consideration payable to the customer exceeds the fair value of the distinct good or service that the entity receives from the customer, then the entity shall account for such an excess as a reduction of the transaction price. If the entity cannot reasonably estimate the fair value of the good or service received from the customer, it shall account for all of the consideration payable to the customer as a reduction of the transaction price.*"
- Under ASC 606-10-32-27, if the consideration payable to a customer is accounted for as a reduction of the transaction price, "*an entity shall recognize the reduction of revenue when (or as) the later of either of the following events occurs:*
 - a) *The entity recognizes revenue for the transfer of the related goods or services to the customer.*
 - b) *The entity pays or promises to pay the consideration (even if the payment is conditional on a future event). That promise might be implied by the entity's customary business practices.*"

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- Management reviewed each arrangement to determine if each fee paid is for a distinct good or service and should be expensed as incurred or if the Company should recognize the payment as a reduction of revenue.
- The Company recognizes revenue upon shipment based on meeting the transfer of control criteria. The Company has made a policy election to treat shipping and handling as costs to fulfill the contract, and as a result, any fees received from customers are included in the transaction price allocated to the performance obligation of providing goods with a corresponding amount accrued within cost of sales for amounts paid to applicable carriers.

Concentration of Credit Risk

- Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits at financial institutions. At various times during the year, the Company may exceed the federally insured limits. To mitigate this risk, the Company places its cash deposits only with high credit quality institutions. Management believes the risk of loss is minimal. At December 31, 2023 and June 30, 2023, the Company did not have any uninsured cash deposits.

Beneficial Conversion Feature

- For conventional convertible debt where the rate of conversion is below market value, the Company records any BCF intrinsic value as additional paid in capital and related debt discount.
- When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument. The discount is amortized over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Beneficial Conversion Feature – Series B Preferred Stock (deemed dividend):

Each share of the Company's Series B Preferred Stock, par value \$0.001 per share (the "B Preferred" or "B Preferred Stock") has a liquidation preference of \$1,000 and has no voting rights except as to matters pertaining to the rights and privileges of the B Preferred. Each share of B Preferred is convertible at the option of the holder thereof into (i) 5,000 shares of the Registrant's common stock (one share for each \$0.20 of liquidation preference) (the "Conversion Shares") and (ii) 5,000 common stock purchase warrants, expiring April 16, 2026 (the "Warrants"). The Warrants carried an initial exercise price of \$0.30 per share. Subsequent financing events and debt extinguishment resulted in adjustments to the exercise price of all warrants created from conversion of B Preferred from \$0.30 per share to approximately \$0.1247 per share through December 31, 2023. The exercise price of these warrants can continue to adjust as the result of subsequent financing events and stock transactions. These adjustments can result in an exercise price that is either higher, or lower, than the price as of December 31, 2023.

Based on the guidance in ASC 470-20-20, on issuance date the Company determined that a BCF existed, as the effective conversion price for the B Preferred at issuance was less than the fair value of the common stock which the shares of B Preferred are convertible into. A BCF feature based on the intrinsic value of the date of issuances for the B Preferred through June 30, 2022 was approximately \$4.4 million. During the year ended June 30, 2023 the Company recorded an additional deemed dividend of approximately \$1.1 million in relation to the B Preferred stock and downward price adjustments to certain warrants.

Debt Issue Costs

- The Company may pay debt issue costs in connection with raising funds through the issuance of debt whether convertible or not or with other consideration. These costs are recorded as debt discounts and are amortized over the life of the debt to the statement of operations.

Equity Issuance Costs

- The Company accounts for costs related to the issuance of equity as a charge to Paid in Capital and records the equity transaction net of issuance costs.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Original Issue Discount

- If debt is issued with an original issue discount, the original issue discount is recorded to debt discount, reducing the face amount of the note and is amortized over the life of the debt to the statement of operations as interest expense. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Stock Settled Debt

- In certain instances, the Company will issue convertible notes which contain a provision in which the price of the conversion feature is priced at a fixed discount to the trading price of the Company's common shares as traded in the over-the-counter market. In these instances, the Company records a liability, in addition to the principal amount of the convertible note, as stock-settled debt for the fixed value transferred to the convertible note holder from the fixed discount conversion feature.

Stock-Based Compensation

- The Company accounts for share-based awards issued to employees in accordance with FASB ASC 718. Accordingly, employee share-based payment compensation is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. Additionally, share-based awards to non-employees are expensed over the period in which the related services are rendered at their fair value. The Company applies ASC 718, "Equity Based Payments to Non-Employees", with respect to options and warrants issued to non-employees.

Customer Concentration

- In each of the three- and the six-month periods ended December 31, 2023, we had 1 customer which accounted for more than 10% of gross sales. During the six months ended December 31, 2022, the Company had four customers which individually accounted for more than 10% of gross sales and collectively accounted for approximately 83% of the gross sales. During the three months ended December 31, 2022, the Company had two customers account for approximately 97% of the gross sales.

Vendor Concentration

- In the three- and six-month periods ended December 31, 2023, one vendor accounted for more than 10% of our costs of goods sold. During the three- and six-month periods ended December 31, 2022, two vendors accounted for more than 10% of our costs of goods sold.

Receivables Concentration

- As of December 31, 2023, the Company had receivables due from nine customers. One accounted for 53% of the total balance, and three of the others each accounted for between 11% and 15% of the outstanding balance. As of June 30, 2023, the Company had receivables due from nine customers, one of who accounted for over 56% of the outstanding balance. Three of the others each accounted for between 10% and 14% of the outstanding balance.

Income/Loss Per Share

- In accordance with ASC Topic 260 – Earnings Per Share, the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common stock outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if the potential common stock had been issued and if the additional shares of common stock were dilutive. Potential common stock consists of the incremental common stock issuable upon convertible notes, stock options and warrants, and classes of shares with conversion features. The computation of basic loss per share for the three and six months ended December 31, 2023 and 2022 excludes potentially dilutive securities because their inclusion would be antidilutive. As a result, the computations of net loss per share for each period presented is the same for both basic and fully diluted losses per share.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Reclassification

- The Company may make certain reclassifications to prior period amounts to conform with the current year's presentation. Such reclassifications would not have a material effect on its consolidated statement of financial position, results of operations or cash flows.

Recent Accounting Pronouncements

- In August 2020, the FASB issued ASU 2020-06 to simplify the current guidance for convertible instruments and the derivatives scope exception for contracts in an entity's own equity. Additionally, the amendments affect the diluted EPS calculation for instruments that may be settled in cash or shares and for convertible instruments. The update also provides for expanded disclosure requirements to increase transparency. For SEC filers, excluding smaller reporting companies, this update is effective for fiscal years beginning after December 15, 2022 including interim periods within those fiscal years. The adoption of this guidance does not materially impact our financial statements and related disclosures.
- The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. Accounts receivable

- The Company's accounts receivable arises primarily from the sale of the Company's snacks. On a periodic basis, the Company evaluates each customer account and based on the days outstanding of the receivable, history of past write-offs, collections, and current credit conditions, writes off accounts it considers uncollectible. With most of our retail and distribution partners, invoices will typically be due in 30 days. The Company does not accrue interest on past due accounts and the Company does not require collateral. Accounts become past due on an account-by-account basis. Determination that an account is uncollectible is made after all reasonable collection efforts have been exhausted. The Company has not provided any accounts receivable allowances for December 31, 2023 and June 30, 2023, respectively.

4. Inventories

- Inventory consists of the following at December 31, 2023 and June 30, 2023:

	December 31, 2023	June 30, 2023
Inventory: Finished Goods	\$ 91,883	\$ 163,644
Inventory: Ingredients	33,166	63,734
Inventory: Packaging	8,322	48,824
Total Inventory	\$ 133,371	\$ 276,202

Inventories are stated at the lower of cost or net realizable value. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions and the products relative shelf life. Write-downs and write-offs are charged to loss on inventory write down. During the six months ended December 31, 2023 the Company wrote down inventory balances totaling \$145,555 as a result of inventory damage and spoilage.

5. Other current assets

Other current assets consist of the following at December 31, 2023 and June 30, 2023.

	December 31, 2023	June 30, 2023
Other Current Assets		
Amounts advanced for operations of acquisition targets secured by promissory notes	\$ 92,500	\$ -
Prepaid expenses	11,514	-
Deposits with vendors	29,396	92,726
TOTAL	\$ 133,410	\$ 92,726

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. Accounts Payable and Accrued liabilities

Other current liabilities consist of the following at December 31, 2023 and June 30, 2023:

	December 31, 2023	June 30, 2023
Interest Payable	\$ 142,946	\$ 40,779
Accounts payable	604,756	563,737
TOTAL	\$ 747,702	\$ 604,516

7. Debt

- Convertible Notes Payable

Convertible Notes Issued on December 10, 2021

On December 10, 2021, the Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) with certain accredited and institutional investors (the “Purchasers”) for the purchase and sale of an aggregate of: (i) \$1,086,956.52 in principal amount of Original Issue Discount Senior Secured Convertible Notes (the “Notes”) for \$1,000,000 (representing a 8% original issue discount) (“Purchase Price”) and (ii) warrants to purchase up to 4,000,000 shares of the Company’s common stock (the “Warrants”) in a private placement (the “Offering”). Each Note featured an 8% original issue discount, resulting in net proceeds to the Company of \$500,000 for each of the two Notes. The Notes had a maturity of December 10, 2022, an interest rate of 8% per annum, and were initially convertible at a fixed price of \$0.25 per share, with provisions for conversions at a fixed price of \$0.20 per share should the closing trading price of our common stock be below \$0.20 per share after June 10, 2022. The conversion price is also subject to further price adjustments in the event of (i) stock splits and dividends, (ii) subsequent rights offerings, (iii) pro-rata distributions, and (iv) certain fundamental transactions, including but not limited to the sale of the Company, business combinations, and reorganizations (v) in the event that the Company issues or sells any additional shares of Common Stock or Common Stock Equivalents at a price per share less than the Exercise Price then in effect or without consideration then the Exercise Price upon each such issuance shall be reduced to the Dilutive Issuance Price. These Notes, for as long as they are outstanding, are secured by all assets of the Company and its subsidiaries, senior secured guarantees of the subsidiaries of the Company, and pledges of the common stock of all the subsidiaries of the Company. The Notes have provisions allowing for repayment at any time at 115% of the outstanding principal and interest within the first three months, and 120% of the outstanding principal and interest at any time thereafter.

The Warrants were initially exercisable at \$0.25 per share and, are subject to cashless exercise after six months if the shares underlying the Warrants are not subject to an effective resale registration statement. The Warrants are also subject to customary adjustments, including price protections.

In connection with Securities Purchase Agreement, the Company issued to the Placement Agent (as defined below), an aggregate of 878,260 Common Stock purchase warrants (“PA Warrants”). The PA Warrants are substantially similar to the Warrants. The fair value of the PA Warrants at issuance was estimated to be \$170,210 based on a risk-free interest rate of 1.25%, an expected term of 5 years, an expected volatility of 142.53% and a 0% dividend yield.

Spencer Clarke Holdings LLC (“Placement Agent”) acted as the placement agent, in connection with the sale of the securities pursuant to the Securities Purchase Agreement. Pursuant to an engagement agreement entered into by and between the Company and the Placement Agent, the Company agreed to pay the Placement Agent a cash commission of \$100,000. Pursuant to the discussion above, the Company also issued an aggregate of 878,260 PA Warrants to the Placement Agent.

The gross proceeds received from the Offering were approximately \$1,000,000. The cash Placement Agent fees of \$100,000 was paid separately. Also, the Company reimbursed the lead Purchaser \$15,192 for legal fees, which was deducted from the required subscription amount to be paid.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On or around September 23, 2022, as a result of certain new financing agreements entered into by the Company, as consideration to the Holders, the Company issued to each Holder a common stock purchase warrant for the purchase of 5,434,783 shares of the Company's common stock (as amended from time to time, the "Returnable Warrants", further the Placement Agent received 1,086,957 (Ref below, Mast Hill Loan - Promissory Notes Issued on September 23, 2022). The warrants are subject to customary adjustments (including price-based anti-dilution adjustments) and may be exercised on a cashless basis.

The Company was required to pay to the Purchasers on December 10, 2022, as extended to December 29, 2022 (as so extended, the "Maturity Date") all remaining principal and accrued and unpaid interest on the Maturity Date (the "Owed Amount") and the failure to so pay the Owed Amount on the Maturity Date is an event of default. The Owed Amount was not paid by the Company in accordance with the terms of the Notes. Subsequent to December 31, 2022 the Company entered into a forbearance agreement with the Purchasers as set out below.

Forbearance and Exchange Agreement

On February 4, 2023, the Company entered into a Forbearance and Exchange Agreement (the "Forbearance Agreement") with the Purchasers from the Securities Purchase Agreement dated December 10, 2021.

Pursuant to the Forbearance Agreement as amended, among other things:

- The Company shall pay to each Purchaser in cash the sum of \$482,250.00 for the full and complete satisfaction of the Notes, which includes all due and owing principal, interest and penalties notwithstanding anything to the contrary in the Notes, as follows: (i) \$250,000.00 on or before February 7, 2023; (ii) \$50,000.00 on or before February 28, 2023; (iii) \$50,000.00 on or before March 31, 2023; (iv) \$50,000.00 on or before April 30, 2023; and (v) \$82,250.00 on or before May 31, 2023.
- The Purchasers shall not convert the Notes so long as an event of default pursuant to the Forbearance Agreement has not occurred.
- The Company purchased and retired the Returnable Warrants from the Purchasers, in exchange for the Company issuing to each of the Holders 1,900,000 restricted redeemable shares of the Company's common stock (the "Exchange Shares").
- The Purchasers agreed not to transfer the Exchange Shares prior to September 24, 2023, subject to certain exceptions, including that the Company shall have the right to redeem all or any portion of the Exchange Shares from each Purchaser by paying an amount in cash to such Purchaser equal to \$0.1109 per share being redeemed. The Purchaser's sale of the Exchange Shares on or after September 24, 2023, is subject to a leak-out until all of the Exchange Shares are sold. In addition, the Purchaser's sale of any common stock of the Company owned by them other than the Exchange Shares, shall also be subject to a leak-out during the period ending on the six-month anniversary of the date of the Forbearance Agreement.
- Each Purchaser agrees to forbear from exercising its rights against the Company under its respective Note until and unless the occurrence of any of the following events: (a) the failure of the Company to make a scheduled payment pursuant to the Forbearance Agreement, subject to a five day right to cure; (b) the failure of the Company to observe, or timely comply with, or perform any other covenant or term contained in the Forbearance Agreement, subject to a ten day right to cure; (c) the Company or any subsidiary of the Company commences bankruptcy and/or any insolvency proceedings; or (d) the delivery of any notice of default by Mast Hill Fund, L.P. ("Mast Hill") to the Company with respect to indebtedness owed to Mast Hill by the Company.

The Company evaluated all of the associated financial instruments in accordance with ASC 815 Derivatives and Hedging. Based on this evaluation, the Company has determined that no provisions required derivative accounting.

In accordance with ASC 470- Debt, the Company first allocated the cash proceeds to the loan and the warrants on a relative fair value basis, secondly, the proceeds were allocated to the beneficial conversion feature.

Nightfood Holdings, Inc.

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Below is a reconciliation of the convertible notes payable as presented on the Company's balance sheet as of June 30, 2023:

	Principal (\$)	Stock-settled Debt (\$)	Debt Discount (\$)	Net Value (\$)
Balance at June 30, 2021	-	-	-	-
Convertible notes payable issued during fiscal year ended June 30, 2022	1,086,957			1,086,957
Debt discount associated with new convertible notes			(1,018,229)	(1,018,229)
Conversion price adjusted from \$0.25 to \$0.20		217,391	(217,391)	-
Amortization of debt discount			275,423	275,423
Balance at June 30, 2022	1,086,957	217,391	(960,197)	344,151
Cash repayment	(362,319)			(362,319)
Gain on extinguish of portion of principal		(72,464)		(72,464)
Amortization of debt discount			960,197	960,197
Penalty	181,159			181,159
Conversion price change		1,843,475		1,843,475
Under forbearance Agreement:	58,703	(1,988,402)		(1,929,699)
Cash repayment	(964,500)			(964,500)
Balance at June 30, 2023	-	-	-	-

Below is a reconciliation of the extinguishment of debt relative to the exchange of Returnable Warrants for shares of common stock by the holders:

3,800,000 shares of common stock issued and exchanged for 10,869,566 returnable warrants	\$ 342,000
Loss on conversion price change in December 31, 2022	1,051,801
Stock settled debt	(1,988,402)
Financing charges due to returnable warrants issued	987,060
Principal increased due to penalty	58,703
Loss on extinguishment	\$ 392,459

Interest expenses associated with above convertible note are as follows:

	For the three months Ended December 31,		For the six months Ended December 31,	
	2023	2022	2023	2022
Amortization	\$ -	\$ 420,627	\$ -	\$ 960,197
Interest on the convertible notes	-	20,071	-	41,617
Total	\$ -	\$ 440,698	\$ -	\$ 1,001,814

During the fiscal years ended June 30, 2023 and 2022, the Company recorded \$39,452 and \$43,478 to interest. As of December 31, 2023 and June 30, 2023, the interest payable was \$0.

Mast Hill Promissory Notes (MH Notes)

(a) Promissory Notes Issued on September 23, 2022

On September 23, 2022, the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal sum of \$700,000.00, which amount is the \$644,000 actual amount of the purchase price plus an original issue discount in the amount of \$56,000. In connection with the issuance of the Promissory Note, the Company issued to the investor warrants to purchase 2,800,000 shares of common stock at an exercise price of \$0.225, as well as returnable warrants, which may only be exercised in the event that the Company were to default on certain debt obligations, to purchase 7,000,000 shares of common stock at an exercise price of \$0.30, in each case subject to adjustment. The Promissory Note may be converted into Company common stock in the event of an event of default under the Promissory Note by the Company.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As a result of the transaction, the Purchasers triggered their “most favored nation” clause which resulted in the Company entering into an MFN Amendment Agreement (the “MFN Agreement”) with the Purchasers (ref: Convertible Notes Issued on December 10, 2021 above) pursuant to which the Purchasers exercised their options under the most-favored nation terms contained in their existing transaction documents with the Company. Pursuant to the MFN Agreement, among other things, (a) the Company issued to each of the Purchasers 5,434,783 5-year Returnable Warrants which may only be exercised in the event that the Company were to default on certain debt obligations at an initial Exercise Price per share of \$0.30, (b) the events of default set forth in the Notes were amended to include certain of the Events of Default reflected in the Promissory Note, (c) the conversion price of the Notes was amended so that upon an event of default, the conversion price equaled \$0.10, subject to adjustment, (d) the Purchasers are entitled to deduct \$1,750 from conversions to cover associated fees, and \$750 shall be added to each prepayment to reimburse the Purchasers for administrative fees and (e) the definition of Exempt Issuance in the note was modified to remove certain clauses of the definition.

The Company paid to J.H. Darbie & Co., Inc. \$32,200 in fees pursuant to the Company’s existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 119,260 shares of common stock at \$0.27, subject to adjustment. The Company paid to Spencer Clarke LLC cash fees of \$35,000 plus 500,000 shares of common stock.

The proceeds received by the Company from the Offering, net of the original issue discount, fees and costs including legal fees of \$7,000 and commission fees of \$32,200 were \$604,800.

On May 2, 2023, a debtholder converted \$49,995 into 1,500,000 shares of common stock, of which \$16,088 was principal and \$33,907 was interest payable.

(b) Promissory Notes Issued on February 5, 2023

On February 5, 2023, the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$619,000.00 (actual amount of purchase price of \$526,150.00 plus an original issue discount in the amount of \$92,850.00). In connection with the issuance of the Promissory Note, the Company issued to the investor warrants to purchase 6,900,000 shares of common stock at an exercise price of \$0.10, as well as returnable warrants, which may only be exercised in the event that the Company were to default on certain debt obligations, to purchase 7,000,000 shares of common stock at an exercise price of \$0.30, in each case subject to adjustment. The Promissory Note may be converted into Company common stock in the event of an event of default under the Promissory Note by the Company. The Company granted piggy-back registration rights to Mast Hill.

The Company paid to J.H. Darbie & Co., Inc. \$10,000 in fees pursuant to the Company’s existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 219,230 shares of common stock at \$0.12, subject to adjustment. The Company paid to Spencer Clarke LLC cash fees of \$52,615 plus warrants to purchase 619,000 shares of common stock at \$0.10, warrants to purchase 690,000 shares of common stock at \$0.10, and warrants to purchase 700,000 shares of common stock at \$0.30, in each case subject to adjustment.

(c) Promissory Notes Issued on February 28, 2023

On February 28, 2023, the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$169,941 (actual amount of purchase price of \$136,800 plus an original issue discount in the amount of \$24,141). In connection with the issuance of the Promissory Note, the Company issued to the investor warrants to purchase 1,790,000 shares of common stock at an exercise price of \$0.10, as well as returnable warrants, which may only be exercised in the event that the Company were to default on certain debt obligations, to purchase 1,820,000 shares of common stock at an exercise price of \$0.10, in each case subject to adjustment. The Promissory Note may be converted into Company common stock in the event of an event of default under the Promissory Note by the Company. The Company granted piggy-back registration rights to Mast Hill.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company paid to J.H. Darbie & Co., Inc. \$6,840.00 in fees pursuant to the Company's existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 57,000 shares of common stock at \$0.12, subject to adjustment. The Company paid to Spencer Clarke LLC warrants to purchase 200,000 shares of common stock at \$0.08, warrants to purchase 179,000 shares of common stock at \$0.10, and returnable warrants to purchase 182,000 shares of common stock at \$0.30, in each case subject to adjustment.

(d) Promissory Notes Issued on March 24, 2023

On March 24, 2023, the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$169,941 (actual amount of purchase price of \$136,800 plus an original issue discount in the amount of \$24,141). In connection with the issuance of the Promissory Note, the Company issued to the investor warrants to purchase 1,790,000 shares of common stock at an exercise price of \$0.10, as well as returnable warrants, which may only be exercised in the event that the Company were to default on certain debt obligations, to purchase 1,820,000 shares of common stock at an exercise price of \$0.10, in each case subject to adjustment. The Promissory Note may be converted into Company common stock in the event of an event of default under the Promissory Note by the Company. The Company granted piggy-back registration rights to Mast Hill.

The Company paid to J.H. Darbie & Co., Inc. \$6,840.00 in fees pursuant to the Company's existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 57,000 shares of common stock at \$0.12, subject to adjustment. The Company paid to Spencer Clarke LLC a cash fee of \$13,680 plus warrants to purchase 200,000 shares of common stock at \$0.08, warrants to purchase 179,000 shares of common stock at \$0.10, and warrants to purchase 182,000 shares of common stock at \$0.30, in each case subject to adjustment. Such 182,000 warrants, without any further action by either party thereto, may be cancelled and extinguished in its entirety if the MH Note is fully repaid and satisfied on or prior to the Maturity Date, subject further to the terms and conditions of the MH Note.

(e) Promissory Notes Issued on April 17, 2023

On April 17, 2023, the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$169,941 (actual amount of purchase price of \$136,800 plus an original issue discount in the amount of \$24,141). In connection with the issuance of the Promissory Note, the Company issued to the investor warrants to purchase 1,790,000 shares of common stock at an exercise price of \$0.10, as well as returnable warrants, which may only be exercised in the event that the Company were to default on certain debt obligations, to purchase 1,820,000 shares of common stock at an exercise price of \$0.10, in each case subject to adjustment. The Promissory Note may be converted into Company common stock in the event of an event of default under the Promissory Note by the Company. The Company granted piggy-back registration rights to Mast Hill.

The Company paid to J.H. Darbie & Co., Inc. \$6,840 in fees pursuant to the Company's existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 57,000 shares of common stock at \$0.12, subject to adjustment. The Company paid to Spencer Clarke LLC a cash fee of \$13,680 plus warrants to purchase 200,000 shares of common stock at \$0.08, warrants to purchase 179,000 shares of common stock at \$0.10, and returnable warrants to purchase 182,000 shares of common stock at \$0.10, in each case subject to adjustment.

(f) Promissory Notes Issued on June 1, 2023

On June 1, 2023 the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$200,000 (actual amount of purchase price of \$170,000 plus an original issue discount in the amount of \$30,000). Also pursuant to the Purchase Agreement, in connection with the issuance of the Note: (a) Sean Folkson, the Company's Chairman of the Board and Chief Executive Officer, pursuant to a Pledge Agreement dated the Effective Date (the "Pledge Agreement"), pledged to Mast Hill, and granted to Mast Hill a security interest in, all common stock and common stock equivalents of the Company owned by Mr. Folkson; (b) the Company, Nightfood Inc. and MJ Munchies, Inc., each wholly-owned subsidiaries of the Company (collectively, the "Subsidiaries" and with the Company, the "Debtors") entered into a Security Agreement dated the Effective Date (the "Security Agreement"), pursuant to which each of the Debtors granted Mast Hill a perfected security interest in all of their property to secure the prompt payments, performance and discharge in full of all of the Debtors' obligations under the Note and the other transaction documents entered into in connection with the Purchase Agreement and the Note (the "Transaction Documents"); (c) The Subsidiaries entered into a Subsidiary Guarantee dated the Effective Date (the "Guarantee"), pursuant to which the Subsidiaries unconditionally and irrevocably guaranteed to Mast Hill the prompt and complete payment and performance by the Company and the Subsidiaries when due, of the obligations under the Transaction Documents.

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The Company paid to (a) J.H. Darbie & Co., Inc. 298,875 warrants at an exercise price of \$0.05688 per share pursuant to the Company's existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement. The Company paid to (b) Spencer Clarke LLC 1,111,110 warrants at an exercise price of \$.033, in each case subject to adjustment.

(g) Promissory Notes Issued on October 6, 2023

On October 6, 2023 the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Secured Promissory Note (the "Note") in the principal amount of \$62,000 (actual amount of purchase price of \$52,700 plus an original issue discount in the amount of \$9,300). The maturity date of the Note is 12 months from the issue date and are the date upon which the principal amount, the OID, as well as any accrued and unpaid interest and other fees, shall be due and payable. Mast Hill has the right, at any time on or following the date that an Event of Default occurs to convert all or any portion of the then outstanding and unpaid Principal Amount and interest (including any default interest) into Common Stock, at a conversion price of \$0.033, subject to customary adjustments as provided in the Note for stock dividends and stock splits, rights offerings, pro rata distributions, fundamental transactions and dilutive issuances. At any time prior to the date that an Event of Default occurs under the Note, the Company may prepay the outstanding principal amount and interest then due under the Note. On any such event, the Company shall make payment to Mast Hill of an amount in cash equal to the sum of (a) 100% multiplied by the principal amount then outstanding plus (b) 100% multiplied by the accrued and unpaid interest on the principal amount to the prepayment date plus (c) \$750.00 to reimburse Mast Hill for administrative fees. In addition, if, at any time prior to the full repayment or full conversion of all amounts owed under the Note, the Company receives cash proceeds from any source or series of related or unrelated sources from the issuance of equity (subject to exclusions described in the Note), debt or the issuance of securities pursuant to an Equity Line of Credit (as defined in the Note) of the Company, Mast Hill shall have the right in its sole discretion to require the Company to apply up to 50% of such proceeds after the Minimum Threshold to repay all or any portion of the outstanding principal amount and interest then due under the Note. The Note contains customary Events of Default for transactions similar to the transactions contemplated by the Purchase Agreement and the Note, which entitle Mast Hill, among other things, to accelerate the due date of the unpaid principal amount of, and all accrued and unpaid interest on, the Note, in addition to triggering the conversion rights. Upon the occurrence of any Event of Default, the Note shall become immediately due and payable, and the Company shall pay to Mast Hill an amount equal to the principal amount then outstanding plus accrued interest (including any default interest) through the date of full repayment multiplied by 150%, as well as all costs of collection.

The Note contains restrictions on the Company's ability to (a) incur additional indebtedness, (b) make distributions or pay dividends, (c) redeem, repurchase or otherwise acquire its securities, (d) sell its assets outside of the ordinary course, (e) enter into certain affiliate transactions, (f) enter into 3(a)(9) Transactions or 3(a)(10) Transactions (each as defined in the Note), or (g) change the nature of its business.

Commencing as of the Effective Date, and until such time as the Note is fully converted or repaid, the Company shall not effect or enter into an agreement to effect any Variable Rate Transaction (as defined in the Purchase Agreement).

The Purchase Agreement contains customary representations and warranties made by each of the Company and Mast Hill. It further grants to Mast Hill certain rights of participation and first refusal, and certain most-favored nation rights, all as set forth in the Purchase Agreement. Further the Note is subject to the terms of certain previously executed Security, Pledge and Guarantee agreements discussed above in 7(f).

The Company paid to Spencer Clarke LLC a cash fee of \$5,270 plus 159,697 warrants at an exercise price of \$0.033, in each case subject to adjustment.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(h) Promissory Notes Issued on November 17, 2023

On November 17, 2023 the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$62,000 (actual amount of purchase price of \$52,700 plus an original issue discount in the amount of \$9,300). The maturity date of the Note is 12 months from the issue date and are the date upon which the principal amount, the OID, as well as any accrued and unpaid interest and other fees, shall be due and payable. All the terms and conditions as set out in (g) above with respect to a Securities Purchase Agreement and Promissory Note entered into on October 6, 2023, apply to the November 17, 2023 financing from Mast Hill. Further the Note is subject to the terms of certain previously executed Security, Pledge and Guarantee agreements discussed above in 7(f).

The Company paid to Spencer Clarke LLC a cash fee of \$5,270 plus 159,697 warrants at an exercise price of \$0.033, in each case subject to adjustment.

(i) Promissory Notes Issued on December 6, 2023

On December 6, 2023 the Company entered into a Securities Purchase Agreement and issued and sold to Mast Hill, a Promissory Note in the principal amount of \$170,588 (actual amount of purchase price of \$145,000 plus an original issue discount in the amount of \$25,588). The maturity date of the Note is 12 months from the issue date and are the date upon which the principal amount, the OID, as well as any accrued and unpaid interest and other fees, shall be due and payable. All the terms and conditions as set out in (g) above with respect to a Securities Purchase Agreement and Promissory Note entered into on October 6, 2023, apply to the December 6, 2023 financing from Mast Hill. Further the Note is subject to the terms of certain previously executed Security, Pledge and Guarantee agreements discussed above in 7(f).

The Company paid to Spencer Clarke LLC a cash fee of \$14,500 plus 439,394 warrants at an exercise price of \$0.033, in each case subject to adjustment.

Fourth Man, LLC Promissory Notes (Fourth Man Notes)

(a) Promissory Notes Issued on June 29, 2023

On June 29, 2023, the Company the Company entered into a Securities Purchase Agreement and issued and sold to Fourth Man, LLC (“Fourth Man”), a Promissory Note (the “Note”) in the principal amount of \$65,000.00 (actual amount of purchase price of \$55,250 plus an original issue discount in the amount of \$9,750). In connection with the issuance of the Promissory Note, the Company issued the investor warrants to purchase 600,000 shares of common stock at an exercise price of \$0.10 and 1,969,697 shares of Common Stock as commitment shares, 1,477,272 of which shall be cancelled and returned to the Company’s treasury upon repayment of the Note on, or prior to, the date that is 180 calendar days after the date of the Agreement; and (b) granted piggy-back registration rights to Fourth Man.

The Company paid to J.H. Darbie & Co., Inc. \$2,763 in fees pursuant to the Company’s existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 23,021 shares of common stock at \$0.10, subject to adjustment. The Company issued Spencer Clarke LLC warrants to purchase 618,079 shares of common stock at \$.033, in each case subject to adjustment.

The maturity date of the Note is the 12-month anniversary of the Effective Date, and is the date upon which the principal amount, the OID, as well as any accrued and unpaid interest and other fees, shall be due and payable.

(b) Promissory Notes Issued on August 28, 2023

On August 28, 2023, the Company entered into a Securities Purchase Agreement and issued and sold to Fourth Man, LLC (“Fourth Man”), a Promissory Note (the “Note”) in the principal amount of \$60,000.00 (actual amount of purchase price of \$51,000 plus an original issue discount in the amount of \$9,000). In connection with the issuance of the Promissory Note, the Company issued the investor warrants to purchase 650,000 shares of common stock at an exercise price of \$0.10 and 3,333,333 shares of Common Stock as commitment shares, 1,666,667 of which shall be cancelled and returned to the Company’s treasury upon repayment of the Note on, or prior to, the date that is 180 calendar days after the date of the Agreement; and (b) granted piggy-back registration rights to Fourth Man.

Nightfood Holdings, Inc.

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The Company paid to J.H. Darbie & Co., Inc. \$2,550 in fees pursuant to the Company's existing agreement with J.H. Darbie & Co., Inc., in relation to the transactions contemplated by the Purchase Agreement plus warrants to purchase 21,250 shares of common stock at \$.12, subject to adjustment. The Company paid to Spencer Clarke LLC a cash fee of \$5,100 plus 650,000 warrants at an exercise price of \$.033, in each case subject to adjustment.

The maturity date of the Note is the 12-month anniversary of the Effective Date, and is the date upon which the principal amount, the OID, as well as any accrued and unpaid interest and other fees, shall be due and payable.

The Company evaluated all of these associated financial instruments in accordance with ASC 815 Derivatives and Hedging. Based on this evaluation, the Company has determined that no provisions required derivative accounting.

In accordance with ASC 470- Debt, the proceeds of issuance is first allocated among the convertible instrument and the other detachable instruments based on their relative fair values.

Below is a reconciliation of the above debts (Mast Hills Notes and Fourth Man Notes) as presented on the Company's balance sheet as of December 31, 2023 and June 30, 2023:

	Principal \$	Debt Discount \$	Net Value \$
Balance at June 30, 2022	-	-	-
Promissory notes payable issued	2,066,823		2,066,823
Principal converted to common stock	(16,088)		(16,088)
Debt discount associated with Promissory notes		(864,713)	(864,713)
Amortization of debt discount		305,697	305,697
Balance at June 30, 2023	<u>2,050,735</u>	<u>(559,016)</u>	<u>1,491,719</u>
Promissory notes payable issued	354,588		354,588
Debt discount associated with Promissory notes		(63,066)	(63,066)
Amortization of debt discount		413,740	713,740
Balance at December 31, 2023	<u>\$ 2,405,323</u>	<u>\$ (208,342)</u>	<u>\$ 2,196,981</u>

Interest expenses associated with above convertible note are as follows:

	For the three months Ended December 31,		For the six months Ended December 31,	
	2023	2022	2023	2022
Amortization	\$ 201,481	\$ 64,280	\$ 413,740	\$ 69,255
Interest on the convertible notes	60,368	14,311	102,167	15,711
Total	<u>\$ 261,849</u>	<u>\$ 78,591</u>	<u>\$ -</u>	<u>\$ 84,966</u>

As of December 31, 2023 and June 30, 2023, the interest payable was \$142,946 and \$40,779, respectively.

As a result of dilutive issuances during the period the exercise price of all of the aforementioned convertible notes has been reset subsequent to the period to \$0.03333. In addition, certain warrants issued to the noteholders, placement agent and J.H. Darbie have been repriced in accordance with their respective terms and conditions.

8. Capital Stock Activity

On October 16, 2013, Nightfood, Inc. became a wholly-owned subsidiary of Nightfood Holdings, Inc. Accordingly, the stockholders' equity has been revised to reflect the share exchange on a retroactive basis.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Common Stock

The Company is authorized to issue Two Hundred Million (200,000,000) shares of common stock \$0.001 par value per share (the “Common Stock”). Holders of Common Stock are each entitled to cast one vote for each share held of record on all matters presented to shareholders. Cumulative voting is not allowed; hence, the holders of a majority of the outstanding Common Stock can elect all directors, subject to the rights of the holder of Series A Stock described below. Holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefore and, in the event of liquidation, to share pro-rata in any distribution of the Company’s assets after payment of liabilities. The Board of Directors is not obligated to declare a dividend and it is not anticipated that dividends will be paid unless and until the Company is profitable. Holders of Common Stock do not have pre-emptive rights to subscribe to additional shares if issued by the Company. There are no conversion, redemption, sinking fund or similar provisions regarding the Common Stock. All of the outstanding shares of Common Stock are fully paid and non-assessable and all of the shares of Common Stock offered thereby will be, upon issuance, fully paid and non-assessable. Holders of shares of Common Stock will have full rights to vote on all matters brought before shareholders for their approval, subject to preferential rights of holders of any series of Preferred Stock. Holders of the Common Stock will be entitled to receive dividends, if and as declared by the Board of Directors, out of funds legally available, and share pro-rata in any distributions to holders of Common Stock upon liquidation. The holders of Common Stock will have no conversion, pre-emptive or other subscription rights. Upon any liquidation, dissolution or winding-up of the Company, assets, after the payment of debts and liabilities and any liquidation preferences of, and unpaid dividends on, any class of preferred stock then outstanding, will be distributed pro-rata to the holders of the common stock. The holders of the common stock have no right to require the Company to redeem or purchase their shares. Holders of shares of common stock do not have cumulative voting rights, which means that the holders of more than 50% of the outstanding shares, voting for the election of directors, can elect all of the directors to be elected, if they so choose, and, in that event, the holders of the remaining shares will not be able to elect any of our directors.

On October 24, 2022, the Company launched a Tier 2 offering pursuant to Regulation A (also known as “Regulation A+”) with the intent to raise capital through an equity crowdfunding campaign. The Company is offering (this “Offering”) up to 5,000,000 units, each unit consisting of 4 shares of common stock and 4 common stock purchase warrants (“Unit”), being offered at a price range to be determined after qualification pursuant to Rule 253(b).

- The Company had 127,221,301 and 123,587,968 shares of its \$0.001 par value common stock issued and outstanding as of December 31, 2023 and June 30, 2023 respectively.
- The Company had 1,950 shares of its B Preferred stock issued and outstanding as of December 31, 2023 and June 30, 2023.

During the six months ended December 31, 2023:

- The Company issued 3,333,333 shares of common stock for services with a fair value of \$50,000.
- The Company issued 300,000 shares of common stock for services with a fair value of \$7,800.

During the six months ended December 31, 2022:

- During the six months ended December 31, 2022, the Company issued an aggregate of 282,859 shares of its common stock for services valued at \$52,010.
- During the six months ended December 31, 2022, the Company issued 500,000 shares of its common stock as financing cost valued at \$60,000.
- During the six months ended December 31, 2022, the Company issued an aggregate of 586,111 shares of its common stock for cashless exercise of 750,000 stock purchase warrants.

Nightfood Holdings, Inc.

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- During the six months ended December 31, 2022, the Company sold 457,350 units at \$0.50 per unit, consisting with 1,829,400 shares of common stock under its Regulation A+ Offering. The Company received net proceeds of \$224,615.
- During the six months ended December 31, 2022, holders of the B Preferred converted 960 shares of Series B Preferred Stock into 4,800,000 shares of its common stock.

Preferred Stock

Series A Preferred Stock

The Company is authorized to issue 1,000,000 shares of \$0.001 par value per share Preferred Stock. Of the 1,000,000 shares, 10,000 shares were designated as Series A Preferred Stock (“Series A Stock”). Holders of Series A Stock are each entitled to cast 100,000 votes for each share held of record on all matters presented to shareholders.

In addition to his ownership of the common stock, Mr. Folkson owns 1,000 shares of the Series A Stock which votes with the Common Stock and has an aggregate of 100,000,000 votes.

The Company had 1,000 shares of the Series A Stock issued and outstanding as of December 31, 2023, and June 30, 2023.

Series B Preferred Stock

In April 2021, the Company designated 5,000 shares of its Preferred Stock as Series B Preferred (the “B Preferred”), each share of which is convertible into 5,000 shares of common stock and 5,000 non-detachable warrants with an initial exercise price of \$0.30.

During the fiscal years ended June 30, 2023 and 2022, the Company sold 0 and 335 shares of its B Preferred for gross cash proceeds of \$0 and \$335,000, respectively. These proceeds were used for operating capital. The B Preferred meets the criteria for equity classification and is accounted for as equity transactions. Specifically, among other factors, this qualifies as equity because redemption is not invoked at the option of the holder and the B Preferred does not have to be redeemed on a specified date.

During the fiscal year ended June 30, 2023, holders of the B Preferred converted 1,310 shares of B Preferred into 6,550,000 shares of Common Stock. During the fiscal year ended June 30, 2022, holders of the B Preferred converted 1,740 shares of B Preferred into 8,700,000 shares of Common Stock.

The Company had 1,950 shares of its B Preferred issued and outstanding as of December 31, 2023, and June 30, 2023.

Dividends

The Company has never declared dividends, however as set out below, during the fiscal year ended June 30, 2022 and 2021, upon issuance of a total of 335 and 4,665 shares of B Preferred, respectively, the Company recorded a deemed dividend as a result of beneficial conversion feature associated with the transaction.

In connection with certain conversion terms provided for in the designation of the B Preferred, pursuant to which each share of B Preferred is convertible into 5,000 shares of common stock and 5,000 warrants, the Company recognized a beneficial conversion feature upon the conclusion of the transaction in the amount of \$4,431,387. The beneficial conversion feature was treated as a deemed dividend, and fully amortized on the transaction date due to the fact that the issuance of the B Preferred was classified as equity. During the year ended June 30, 2023 the Company recorded an additional deemed dividend of \$1,136,946, fully amortized on the transaction dates, in relation to the B Preferred stock and downward price adjustments to certain warrants.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. Warrants

The following is a summary of the Company's outstanding common stock purchase warrants.

During the fiscal year ended June 30, 2022, holders of the Company's B Preferred converted 1,740 shares of B Preferred into 8,700,000 shares of Common Stock, along with 8,700,000 warrants. Said warrants are subject to exercise price adjustments resulting from certain financing activities and equity transactions which may increase or decrease the exercise price in the future. At June 30, 2022, all warrants issued to the Company's B Preferred holders had an adjusted exercise price of \$0.2919.

During the fiscal year ended June 30, 2022, 4,000,000 warrants were issued to the holder of outstanding convertible notes with an initial exercise price of \$0.25 per share, and 878,260 warrants issued to the placement agent with an initial exercise price of \$0.25 per share. The Company valued these warrants using the Black Scholes model utilizing a 143.39% volatility and a risk-free rate of 1.25%. In addition, 167,500 warrants issued to the placement agent with an initial exercise price of \$0.20 per share and 167,500 warrants issued to the placement agent with an initial exercise price of \$0.30 per share. The Company valued these warrants using the Black Scholes model utilizing a 148.06% volatility and a risk-free rate of 0.83%.

During the fiscal year ended June 30, 2022, the Company entered into a warrant agreement with one of the Company's Directors issuing 100,000 warrants at a strike price of \$0.2626 having a term of five years. The Company valued these warrants using the Black Scholes model utilizing a 151.07% volatility and a risk-free rate of 0.79%.

During the fiscal year ended June 30, 2022, the Company entered into an Agreement For Shareholder Lock-Up And Acquisition of Warrants (the "Lock-Up Agreement"), with Mr. Folkson, issuing 400,000 warrants at a strike price of \$0.30 having a term of one year. The Company valued these warrants using the Black Scholes model utilizing a 107.93% volatility and a risk-free rate of 0.50%.

During the fiscal year ended June 30, 2023, holders of the Company's B Preferred converted 1,310 shares of B Preferred into 6,550,000 shares of Common Stock, along with 6,550,000 warrants. Said warrants are subject to further exercise price adjustments resulting from certain financing activities and equity transactions which may increase or decrease the exercise price in the future. At June 30, 2023 all warrants issued to the Company's B Preferred holders had an adjusted exercise price of \$0.13796.

During the fiscal year ended June 30, 2023, 2,800,000 warrants were issued to the holder of an outstanding promissory note with an initial exercise price of \$0.225 per share, 280,000 warrants were concurrently issued to the Placement Agent with an initial exercise price of \$0.225, and a further 119,260 warrants were issued to the Placement Agent with initial exercise price of \$0.27 per share. The Company valued these warrants using the Black Scholes model utilizing a 122.42% volatility and a risk-free rate of 3.91%. On October 4, 2022, the Company and the Placement Agent entered into an Addendum to amend their Letter of Engagement to cancel compensatory warrants to purchase 280,000 shares of common stock of the Company and to cancel returnable compensatory warrants to purchase 700,000 shares of Common Stock of the Company for a one-time cash payment of \$35,000 and the issuance of 500,000 shares of Common Stock in full satisfaction of compensation earned.

During the fiscal year ended June 30, 2023 the Company issued a cumulative 12,870,000 warrants to the holder of outstanding promissory notes, 19,460,000 returnable warrants (which warrants are cancelable in full should the notes be repaid in full on or before maturity), 4,875,189 placement agent warrants, 546,000 returnable placement agent warrants (which warrants are cancelable in full should the notes be repaid in full on or before maturity) and 831,386 warrants to JH Darbie. The warrants were issued at initial exercise prices between \$0.033 and \$0.12 per share and valued on issuance dates with the Black Scholes model utilizing a volatility from 111.36% and 112.33% and a risk-free rate from 3.41% and 4.18%.

During the fiscal year ended June 30, 2023, the Company issued an aggregate of 6,549,128 shares of its Common Stock for the cashless exercise of 4,928,260 original issued stock purchase warrants.

During the fiscal year ended June 30, 2023, the Company entered into a warrant agreement with one of the Company's Directors for the issuance of 100,000 warrants at a strike price of \$0.125 having a term of five years. The Company valued these warrants using the Black Scholes model utilizing a 121.75% volatility and a risk-free rate of 4.06%.

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During the fiscal year ended June 30, 2023, the Company entered into an Agreement For Shareholder Lock-Up And Acquisition of Warrants (the “Lock-Up Agreement”), with Mr. Folkson, issuing 400,000 warrants at a strike price of \$0.30 having a term of one year. The Company valued these warrants using the Black Scholes model utilizing a 103.60% volatility and a risk-free rate of 4.30%.

During the fiscal year ended June 30, 2023, the Company issued 1,871,800 warrants to various subscribers under its Tier 2 offering pursuant to Regulation A (also known as “Regulation A+”) pursuant to which the Company is offering up to 5,000,000 units at a price of \$0.50 per unit, each unit consisting of 4 shares of Common Stock and 4 Common Stock purchase warrants (“Unit”) for exercise at a strike price per Share equal to 125% of the price per share of Common Stock, or \$0.15625 per share with a term of 2 years.

During the fiscal year ended June 30, 2023, the Company issued an aggregate of 5,750,000 shares of its Common Stock for cash exercise of 5,750,000 original issued stock purchase warrants at \$0.05 per share. The Company received net proceeds of \$276,066. In addition, as incentive to induce the aforementioned warrant holders to exercise existing warrants, the Company issued an aggregate of 6,900,000 replacement warrants to investors and placement agents. The warrants were issued at initial exercise prices between \$0.05 and \$0.125 per share and valued on issuance dates with the Black Scholes model utilizing a volatility from 110.80% and 111.31% and a risk-free rate from 3.69% and 4.27%. A total of \$377,560 was expensed on issuance as financing costs.

During the fiscal year ended June 30, 2023, the Company issued 1,000,000 retainer warrants under an Amendment and Addendum to Letter of Engagement agreement at a strike price of \$0.033. The warrants included a provision for cashless exercise and carried a 5 years term. The Company valued these warrants using the Black Scholes model utilizing a 113.71% volatility and a risk-free rate of 3.69%. The Company recorded the value of the retainer warrants as consulting expenses.

During the fiscal year ended June 30, 2023, under the terms of a Warrant Exchange Agreement, among other agreements, SC exchanged an aggregate of 16,181,393 of its existing warrants originally issued in fiscal 2021 with initial exercise prices ranging from \$0.20 to \$0.30, the exercise price of which had been subject to downward price adjustments following issuance and were exercisable at \$0.0747 per share as a result of anti-dilution provisions as of February 2023, for a like amount of new warrants to purchase Company Common Stock at a price per share capped at \$0.0747 (the “New Warrants”).

During the six months ended December 31, 2023, the Company issued cumulative 650,000 warrants to the holder of outstanding promissory notes, and cumulative 6,208,788 warrants to the placement agent, and 21,250 warrants to JH Darbie as commission fees. The warrants were issued at initial exercise prices between \$0.033 and \$0.12 per share and valued on issuance dates with the Black Scholes model utilizing a volatility between 124.86% and 136.57, and a risk-free rate between 4.12% and 4.68%.

During the three months ended September 30, 2023, 7,000,000 returnable warrants became non-returnable warrants as a result of the Company’s default on certain debt obligations and \$699,350 was recorded as additional financing costs.

During the three months ended December 31, 2023, a total of 23,147,255 outstanding share purchase warrants issued in connection with conversion of the Company’s B Preferred into Common Stock were adjusted as a result of certain antidilution clauses resulting in a total of 25,539,751 outstanding share purchase warrants with a downward adjusted exercise price of \$0.1247 per share.

Certain warrants in the below table include dilution protection for the warrant holders, which could cause the exercise price to be adjusted either higher or lower as a result of various financing events and stock transactions. The result of the warrant exercise price downward adjustment on modification date is treated as a deemed dividend and fully amortized on the transaction date. In addition to the reduction in exercise price, with certain warrants there is a corresponding increase to the number of warrants to the holder on a prorated basis. Under certain conditions, such as the successful retirement of a convertible note through repayment, it is possible for the exercise price of these warrants to increase and for the number of warrants outstanding to decrease.

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The aggregate intrinsic value of the warrants as of December 31, 2023 is \$6.57 million. The aggregate intrinsic value of the warrants as of June 30, 2023 was \$4.22 million.

Exercise Price	June 30, 2023	Issued	Repricing	Exercised	Others	Cancelled	Expired	Redeemed	December 31, 2023
\$ 0.03333	70,935,941	6,208,788	67,445,493	-	-	-	-	-	144,590,222
\$ 0.0747	16,181,392	-	-	-	-	-	-	-	16,181,392
\$ 0.1000	600,000	650,000	(1,250,000)	-	-	-	-	-	-
\$ 0.1200	-	21,250	(21,250)	-	-	-	-	-	-
\$ 0.1250	100,000	-	-	-	-	-	-	-	100,000
\$ 0.1380	23,147,255	-	(23,147,255)	-	-	-	-	-	-
\$ 0.1247	-	-	25,539,751	-	-	-	-	-	25,539,751
\$ 0.1563	1,871,800	-	-	-	-	-	-	-	1,871,800
\$ 0.2626	100,000	-	-	-	-	-	-	-	100,000
\$ 0.3000	400,000	7,000,000	(7,000,000)	-	-	-	-	-	400,000
\$ 0.5000	500,000	-	-	-	-	-	-	-	500,000
	<u>113,836,388</u>	<u>13,880,038</u>	<u>61,566,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,283,165</u>

Returnable Warrants

A cumulative total of 18,956,523 Returnable Warrants issued in conjunction with a financing agreement dated as of September 23, 2022, and a MFN agreement entered into concurrently on September 23, 2022 (ref: Note 7 above) may only be exercised in the event that the Company were to default on certain debt obligations. The Returnable Warrants have an initial exercise price of \$0.30 per share, subject to customary adjustments (including price-based anti-dilution adjustments) and may be exercised at any time after an Event of Default until the five-year anniversary of such date. The Returnable Warrants include a cashless exercise provision as set forth therein. The exercise of the Returnable Warrants are subject to a beneficial ownership limitation of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such exercise. In the event of the Company's failure to timely deliver shares of Common Stock upon exercise of the Returnable Warrants, the Company would be obligated to pay a "Buy-In" amount pursuant to the terms of the Returnable Warrants. On December 29, 2022, upon an event of default as defined under the MFN agreement, 5,434,785 returnable warrants issued to each of the Purchasers under the MFN Agreement, and 1,086,957 returnable warrants issued to the Placement Agent, were triggered and valued using the Black Scholes model with a volatility of 124.14% and a risk-free rate of 3.94% resulting in financing expenses recorded as additional financing costs in the cumulative amount of \$1,085,780. In February 2023, the Company issued 3,800,000 shares of its common stock in exchange for the return of 10,869,566 returnable warrants. The warrants issued to the Placement Agent remained available for exercise.

During the fiscal year ended June 30, 2023, the Company issued cumulative 12,460,000 returnable warrants to the Purchasers of certain convertible notes issued after September 2022, and cumulative 546,000 returnable warrants to the Placement Agent. Any expense related to such warrants will be recorded in a future reporting period and only in the event the Company defaults on certain debt obligations. These returnable warrants were initially valued using the Black Scholes model with a volatility of between 111.36% and 112.33% and a risk-free rate of between 3.67% and 3.91% resulting in contingent expenses to be recorded as additional financing costs in the cumulative amount of \$809,800, which amount will be recorded in a future reporting period, only in the event the Company defaults on certain debt obligations.

10. Fair Value of Financial Instruments

- Cash and Equivalents, Receivables, Other Current Assets, Short-Term Debt, Accounts Payable, Accrued and Other Current Liabilities.
- The carrying amounts of these items approximated fair value.

Nightfood Holdings, Inc.

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- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, Financial Accounting Standards Board (“FASB”) ASC Topic 820-10-35 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At December 31, 2023 and June 30, 2023, the Company had no outstanding derivative liabilities.

11. Commitments and Contingencies:

- The Company has entered into certain consulting agreements which carry commitments to pay advisors and consultants should certain events occur. An agreement is in place with one Company Advisor that calls for total compensation over the four-year Advisor Agreement of 500,000 warrants with an exercise price of \$0.15 per share, of which all have vested.
- Sean Folkson has a consulting agreement which went into effect on December 1, 2023, and runs through December 31, 2024. The agreement contains the potential for cash and equity bonuses should Nightfood, Inc. achieve certain revenue milestones. The Cash Performance Bonus shall be equal to 2% of gross Nightfood, Inc. revenues, paid quarterly. The Equity Performance Bonus shall be paid in any quarter where gross Nightfood, Inc. revenues exceed \$250,000 and shall be paid in stock equal to 10% of the gross quarterly revenues for the bonus period, based on the average closing priced for the last 10 trading days.
- Litigation: From time to time, we may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. The Company is not aware of any such legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

12. Related Party Transactions

- During the third quarter of Fiscal Year 2015, Mr. Folkson began accruing a consulting fee of \$6,000 per month which the aggregate of \$36,000 is reflected in professional fees for the six months ended December 31, 2023 and 2022. At December 31, 2023 and June 30, 2023 Mr. Folkson was owed \$63,000 and \$33,000 in unpaid consulting fees which amounts are included on the balance sheets in accounts payable and accrued liabilities- related party. On February 2, 2024 effective December 1, 2023, Mr. Folkson entered into a new compensation agreement as further disclosed in Note 13 - Subsequent events.
- On January 20, 2023, the Company entered into the Lock-Up Agreement with Mr. Folkson. For purposes of the Lock-Up Agreement, Mr. Folkson is the direct or indirect owner of 16,776,591 shares of the Company’s common stock (the “Shares”), and Mr. Folkson has agreed to not transfer, sell, or otherwise dispose of any Shares through February 4, 2023. The Lock-Up Agreement is substantially similar to, and serves as an extension of, the lock-up agreement previously in place between the Company and Mr. Folkson, which expired in accordance with its terms on February 4, 2022.

The Lock-Up Agreement further provides, in exchange for the agreement to lock up the Shares, that Mr. Folkson shall receive warrants to acquire 400,000 shares of Company Common Stock at an exercise price of \$0.30 per share, which warrants carry a twelve-month term and a cashless provision, and will expire if not exercised within the twelve-month term.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- *Folkson Loan* On February 7, 2023, Sean Folkson, the Chairman and CEO of the Company, loaned \$40,000 to the Company, which was evidenced by a promissory note (the “Folkson Note”). The maturity date under the Folkson Note is February 7, 2024. The Folkson Note bears interest at a fixed rate of 12.0% per annum, and shall be payable on the maturity date. Notwithstanding the foregoing, the Company shall not make any payment to Mr. Folkson under the Folkson Note, whether of principal or interest, and whether or not on the maturity date when due and payable, unless and until all indebtedness of the Company owed or owing to each of Mast Hill, Puritan Partners and Verition has been repaid in full. The Folkson Note has customary events of default.

Mr. Folkson was owed \$44,276 and \$41,876 as of December 31, 2023 and June 30, 2023, respectively, which amounts are included on the balance sheets in accounts payable and accrued liabilities- related party.

The Company used the proceeds from the Folkson Note for working capital.

- In addition, at December 31, 2023 and June 30, 2023, respectively, there was \$53,625 and \$27,000 in unpaid directors fees which amounts are included on the balance sheets under accounts payable and accrued liabilities- related party.

13. Subsequent Events

Acquisition of Future Hospitality Ventures Holdings Inc. and certain agreements with executive management

On January 22, 2024, Nightfood Holdings, Inc. (“NGTF”), Future Hospitality Ventures Holdings Inc., a Nevada corporation, and its subsidiaries (“FHVH”), Sean Folkson as the holder of all issued and outstanding Series A Preferred Stock of NGTF (the “NGTF Series A Shareholder”) and Lei Sonny Wang, the sole shareholder of FHVH (the “FHVH Shareholder”) entered into a share exchange agreement (the “Exchange Agreement”) whereby NGTF has agreed to acquire FHVH through a share exchange (the “Exchange”) whereby FHVH became a wholly-owned subsidiary of NGTF. NGTF’s Board of Directors (the “Board”) unanimously determined that the transactions contemplated by the Exchange Agreement, including the Exchange, were in the best interests of the Company and its stockholders, and approved the Exchange Agreement and the transactions contemplated by the Exchange Agreement. The Exchange Agreement was also approved by the affirmative vote of NGTF’s majority stockholder entitling it to a majority of the voting power.

Pursuant to the Exchange Agreement, the FHVH Shareholder exchanged all 1,000 shares of common stock, \$0.001 par value per share, of FHVH (the “FHVH Common Stock”) owned by him to NGTF for: (i) all 1,000 issued and outstanding shares of NGTF’s Series Super Voting A Preferred Stock held by the NGTF Series A Shareholder, and (ii) an aggregate of 13,333 newly issued shares of NGTF’s Series C Convertible Preferred Stock, each of which shall convert into 6,000 shares of common stock at \$0.025 per share (the “Series C Preferred Stock”, and together with the Series A Super Voting Preferred Stock, the “NGTF Exchange Shares”).

The Exchange Agreement was subject to certain closing conditions and contains customary representations, warranties and covenants. The consummation of the Exchange was conditioned upon, among other things: Sean Folkson resigning as the Chief Executive Officer of NGTF, continuing to serve as the President of Nightfood, Inc. through December 31, 2024, which may be extended, and continuing to serve as a director of NGTF through, at a minimum, the company’s first twelve (12) months on the NASDAQ Capital Market should a successful uplisting occur; and the appointment of Lei Sonny Wang as a director and Chief Executive Officer of NGTF.

The aforementioned agreements closed on February 2, 2024, at which time Sean Folkson resigned as chief executive officer of NGTF and Lei Sonny Wang was appointed Chief Executive Officer and a director.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On February 2, 2024, Mr. Folkson, NGTF and Nightfood, Inc. entered into a consulting agreement (the “Consulting Agreement”). Pursuant to the Consulting Agreement, Mr. Folkson will (1) continue to serve as a director of NGTF, subject to shareholder approval, for no less than the company’s first twelve (12) months on the NASDAQ Capital Market should a successful uplisting occur, during which time both NGTF and its board of directors (the “Board”) will use its best effort to maintain Mr. Folkson’s directorship and (2) will serve as president of Nightfood, Inc. until December 31, 2024, which may date be extended. Mr. Folkson will receive cash and equity compensation as a director commensurate with the compensation received by other directors. Unless either party provides the other written notice at least 45 days before the end of the Consulting Agreement’s term of its intention to terminate, then the Consulting Agreement will renew automatically for one-year terms. The Consulting Agreement can be terminated for cause without notice. Upon termination of the Consulting Agreement for any reason, Mr. Folkson will receive NGTF common stock with a market value equal to \$125,000 based on the average closing price for the last 10 trading days, which stock will be deemed fully earned as of the termination. Additionally, if the Consulting Agreement is terminated prior to December 31, 2024, then Mr. Folkson will be entitled to continue to receive his Base Salary from the termination date until December 31, 2024. If Mr. Folkson is removed as a director of NGTF earlier than one year after NGTF’s successful uplist to any national securities exchange, then he will receive NGTF common stock with a market value equal to \$500,000 based on the average closing price for the last 10 trading days, which stock will be deemed fully earned on the date he was removed from the Board.

In exchange for his services, Mr. Folkson will receive a minimum annual salary of \$120,000 (“Base Salary”), payable monthly. Mr. Folkson will be paid \$6,000 per month of his Base Salary until NGTF completes a capital raise of not less than \$1,000,000 or Nightfood, Inc. develops a monthly positive cash flow greater than \$10,000 (the “Financial Conditions”). Until the Financial Conditions are met, any unpaid portion of the Base Salary will accrue. Nightfood, Inc. and NGTF have agreed that the entirety of the Base Salary will accrue between December 1, 2023 and February 29, 2024. The payments of \$6,000 will begin on March 1, 2024. Upon meeting the Financial Conditions or successfully uplisting to NASDAQ, the parties will create a payment schedule to ensure payment of the full salary and accrued income within three to nine months, including \$57,000 in consulting fees owed to Mr. Folkson as of November 1, 2023 pursuant to a consulting agreement dated December 27, 2021 between Mr. Folkson and NGTF. Mr. Folkson will be entitled to cash and equity bonuses based on certain conditions, beginning with the three-month period ending March 31, 2024 and quarterly thereafter. The cash bonus will equal 2% of Nightfood, Inc.’s revenues, including royalties, during the quarterly period, which will be paid no later than 15 days after the close of the quarterly period to which it relates. The equity bonus will be paid in any quarter where gross Nightfood, Inc. revenues exceed \$250,000, commencing with the three-month period ending March 31, 2024 and quarterly thereafter. The equity bonus will be paid in NGTF common stock with a market value equal to 10% of gross quarterly revenues for the applicable period, based on the average closing price for the last 10 trading days. Such stock shall be deemed fully earned as of the last day of the applicable quarter and issued within 30 days of the end of the quarter. The cash and equity bonuses will be paid during the term of the Consulting Agreement and for 36 months afterward. Should NGTF sell all shares of Nightfood, Inc., its business, or any rights to any other party to manufacture, market, and distribute products under the Nightfood brand name, then Mr. Folkson will receive a cash bonus equal to 2% of the sale price and/or any royalties earned by NGTF or Nightfood, Inc. payable by NGTF in cash or as a percentage of any securities received and an equity bonus equal to 10% of the sale price and/or any royalties earned by NGTF or Nightfood, Inc. payable by NGTF in cash or as a percentage of any securities received (the “Sale Bonus”). The Sale Bonus will be paid with respect to any transaction during the term of the Consulting Agreement or that is consummated within 36 months thereafter.

Upon Mr. Folkson’s resignation, and pursuant to the Share Exchange Agreement, effective February 2, 2024, the Board of NGTF appointed Lei Sonny Wang to the Board and to act as chief executive officer of NGTF. In connection with his appointment as chief executive officer, NGTF and Mr. Wang entered into an employment agreement effective as of February 2, 2024 (the “Employment Agreement”). Pursuant to the Employment Agreement, Mr. Wang will serve his initial term beginning February 2, 2024 (the “Effective Date”) ending on the earlier of (i) the one year anniversary of the Effective Date or (ii) the termination of the Employment Agreement (the “Initial Term”). The Initial Term will be automatically extended for additional one-year terms (each a “Renewal Term”), unless NGTF or Mr. Wang provides the other with notice, at least 30 days prior to the expiration of the current term, of its desire not to renew the Employment Agreement. For his services, Mr. Wang will receive an annual base salary of \$120,000, payable monthly beginning on the Effective Date. Until NGTF completes an additional two mergers and a capital raise in excess of \$1,000,000 gross proceeds, or NGTF has financial capabilities to support the Base Salary, Mr. Wang will be paid \$6,000 per month of the Base Salary, and the unpaid portion of the Base Salary will accrue.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Employment Agreement may be terminated with or without cause by NGTF and may be terminated with or without good reason by Mr. Wang. If NGTF terminates the agreement for cause, then NGTF will (i) pay Mr. Wang any unpaid Base Salary, benefits and any unreimbursed expenses within 10 days after the termination date; (ii) any unvested portion of equity granted to Mr. Wang through any agreement, including restricted stock awards, will be automatically forfeited; and (iii) both parties' rights and obligations will cease, other than rights or obligations that arose prior to the termination date or in connection with the termination. If NGTF terminates the agreement without cause, then NGTF will (i) pay Mr. Wang any Base Salary or other amounts accrued and any unreimbursed expenses incurred within 10 days following the termination date; (ii) pay Mr. Wang a lump sum equal to the Base Salary that would have been paid to Mr. Wang for the remainder of the Initial Term or Renewal Term within 10 days of the termination; (iii) any grant of equity made to Mr. Wang, to the extent not vested, will automatically vest; and (iv) both parties' rights and obligations will cease, other than rights or obligations that arose prior to the termination date or in connection with the termination. Should Mr. Wang terminate the Employment Agreement with good reason, then he will be entitled to the benefits payable to him as if the Employment Agreement had been terminated without cause. If Mr. Wang terminates the Employment Agreement without good reason, then he will be entitled to the benefits payable to him as if the Employment Agreement had been terminated with cause.

With regards to intellectual property, Mr. Wang has agreed that any work product resulting from the Employment Agreement will be the sole and exclusive property of NGTF and has irrevocably assigned all right, title and interest worldwide in and to any work product to NGTF. NGTF may also sublicense any work product resulting from the Employment Agreement.

Financing agreements

Mast Hill Fund, L.P.

On January 24, 2024 (the "Issuance Date"), the Company entered into a Securities Purchase Agreement (the "Purchase Agreement"), and issued and sold to Mast Hill Fund, L.P. ("Mast Hill"), a Promissory Note (the "MH Note") in the principal amount of \$388,300 (the "Principal Amount") (actual amount of purchase price of \$330,055 plus an original issue discount ("OID") in the amount of \$58,245). The use of proceeds from the sale of the MH Note is strictly for payment of operating expenses and to provide operating capital of \$250,300.00 to Future Hospitality Ventures Holdings, LLC ("FHVH") in advance of the anticipated acquisition transaction with FHVH, and for no other purpose.

The maturity date of the MH Note is the 12-month anniversary of the Issuance Date, and is the date upon which the principal amount, as well as any accrued and unpaid interest and other fees, shall be due and payable. The Company paid certain fees and issued certain agents warrants in respect to the aforementioned financing agreements. The agreements also provide for terms of conversion only upon an event of default. Further the MH Note is subject to the terms of certain previously executed Security, Pledge and Guarantee agreements discussed above in Note 7(f).

On March 15, 2024, the Company consummated certain transactions pursuant to a Securities Purchase Agreement (the "Purchase Agreement") dated as of March 12, 2024 (the "Effective Date") and issued and sold to Mast Hill Fund, L.P. ("Mast Hill"), a Promissory Note (the "Note") in the principal amount of \$336,000.00 (actual amount of purchase price of \$285,600 plus an original issue discount ("OID") in the amount of \$50,400). The use of proceeds from the sale of the Mast Hill Note is strictly for business development and expenses related to compliance and merger and ongoing acquisition activity, and not for any other purpose. The maturity date of the Mast Hill Note is the 12-month anniversary of the Issuance Date, and is the date upon which the principal amount, as well as any accrued and unpaid interest and other fees, shall be due and payable. The Company paid certain fees and issued certain agents warrants in respect to the aforementioned financing agreements. The agreements also provide for terms of conversion only upon an event of default. Further the MH Note is subject to the terms of certain previously executed Security, Pledge and Guarantee agreements discussed above in Note 7(f).

Fourth Man

On February 1, 2024, Fourth Man and NGTF entered into a letter agreement whereby Fourth Man agreed to amend that certain promissory note in the principal amount of \$65,000 issued by NGTF to Fourth Man on June 29, 2023 (the "Note") and that certain promissory note in the principal amount of \$60,000 to Fourth Man on August 28, 2023 (the "Subsequent Note", together with the Note, the "Notes"), effective as of January 23, 2024. The amendment removed the right to the adjustment to the conversion price of the note to the price per share specified in Section 3.21 of the promissory note ("the Affected Adjustment") issued on August 28, 2023 by NGTF to Fourth Man (the "Subsequent Note"). The letter also amended the Subsequent Note to remove the right to the adjustment to the conversion price during the effective period, solely with respect to the Affect Adjustment. In exchange for Fourth Man's execution of the letter, NGTF agreed, to (i) increase the total outstanding principal and accrued interest of the Notes and (ii) issue 1,667 shares of NGTF's Series D Preferred Stock to Fourth Man.

Nightfood Holdings, Inc.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Amendments to Articles of Incorporation

On January 26, 2024, the Certificate of Designation of Preferences, Rights and Limitations of Series A Super Voting Preferred Stock (the “Series A Preferred Stock”) of Nightfood Holdings, Inc. (“NGTF”) was amended (the “Amended Series A COD”) by replacing Section 1 to alter the voting structure of the Series A Preferred Stock. Pursuant to the Amended Series A COD, the shares of Series A Preferred Stock will have a number of votes equal to (i) the number of votes then held or entitled to be made by all other equity securities of NGTF plus (ii) one (1). No other changes were made.

Also on January 26, 2024, NGTF filed a Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the “Series C COD”), which established 500,000 shares of Series C Convertible Preferred Stock (the “Series C Preferred Stock”), par value of \$0.001 per share, having such designations, rights and preferences as set forth in the Series C COD. The shares of Series C Preferred Stock are convertible six (6) months after issuance into common stock of NGTF at a rate of six thousand (6,000) shares of common stock for each share of Series C Preferred Stock. The shares of Series C Preferred Stock do not have voting rights and rank junior to the Series B Preferred Stock. The holders of Series C Preferred Stock are not entitled to dividends.

The Company’s board of directors unanimously approved the Amended Series A COD and the Series C COD. The Amended Series A COD was also approved by the affirmative vote of the Company’s majority stockholder entitling it to a majority of the voting power.

On February 7, 2024, the Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the “Series C Preferred Stock”) of Nightfood Holdings, Inc. (“NGTF”) was amended (the “Amended Series C COD”) by revising Section G to include a provision for adjustments for reverse stock splits. Pursuant to the Amended Series C COD, if the corporation at any time combines its outstanding shares of common stock into a smaller number of shares, then the number of shares of common stock issuable upon conversion of the Series C Preferred Stock pursuant to Section G(a) shall be proportionately decreased. No other changes were made.

Also on February 7, 2024, NGTF filed a Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (the “Series D COD”), which established 100,000 shares of Series D Convertible Preferred Stock (the “Series D Preferred Stock”), par value of \$0.001 per share, having such designations, rights and preferences as set forth in the Series D COD. The shares of Series D Preferred Stock are convertible six (6) months after issuance into common stock of NGTF at a rate of six thousand (6,000) shares of common stock for each share of Series D Preferred Stock. The shares of Series D Preferred Stock do not have voting rights and rank junior to the Series B Preferred Stock. The holders of Series D Preferred Stock are not entitled to dividends.

NGTF’s board of directors unanimously approved the Amended Series C COD and the Series D COD. The Amended Series C COD was also approved by the affirmative vote of NGTF’s majority stockholder entitling it to a majority of the voting power.

The Company has evaluated events for the period through the date of the issuance of these financial statements and determined that there are no additional events requiring disclosure.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENT INFORMATION

Certain statements made in this Quarterly Report on Form 10-Q involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “may,” “should,” “plan,” “project,” “will” and other words of similar meaning. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving judgments with respect to, among other things, future economic, competitive and market conditions, technological developments related to business support services and outsourced business processes, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control.

Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Quarterly Report on Form 10-Q will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein particularly in view of the current state of our operations, the inclusion of such information should not be regarded as a statement by us or any other person that our objectives and plans will be achieved. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, the factors set forth under the headings “Business” and “Risk Factors” within our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 as filed with the Securities and Exchange Commission (the “SEC”) on October 13, 2023, as well as the other information set forth herein.

OVERVIEW

Nightfood Holdings, Inc. is focused on identifying and exploiting explosive market trends within the hospitality, food services, and consumer goods sectors. By leading newly emerging categories and by identifying opportunities in markets undergoing transformational upheaval, our aim is to create upside potential unmatched in more mature markets.

In February 2024, we acquired recently formed Future Hospitality Ventures Holdings, Inc. (“Future Hospitality”) in an all-stock transaction. We’re in the process of acquiring two additional operating subsidiaries sectors, to add to the two subsidiaries currently in our portfolio: Nightfood, Inc. and Future Hospitality).

RECENT DEVELOPMENTS

On February 2, 2024, Nightfood Holdings, Inc. (“NGTF”) completed the acquisition of Future Hospitality Ventures Holdings Inc., a Nevada corporation, and its subsidiaries (“FHVH”) from Lei Sonny Wang, the sole shareholder of FHVH (the “FHVH Shareholder”). The acquisition of FHVH was approved by the majority shareholder of the Company, Mr. Sean Folkson, and the board of directors. Pursuant to the Exchange Agreement, the FHVH Shareholder exchanged all 1,000 shares of common stock, \$0.001 par value per share, of FHVH (the “FHVH Common Stock”) owned by him to NGTF for: (i) all 1,000 issued and outstanding shares of NGTF’s Series Super Voting A Preferred Stock held by the NGTF Series A Shareholder, and (ii) an aggregate of 13,333 newly issued shares of NGTF’s Series C Convertible Preferred Stock, each of which shall convert into 6,000 shares of common stock at \$0.025 per share (the “Series C Preferred Stock”, and together with the Series A Super Voting Preferred Stock, the “NGTF Exchange Shares”). Under the terms of the agreement, Sean Folkson resigned as the Chief Executive Officer of NGTF, and continues to serve as the President of Nightfood, Inc. through at least December 31, 2024, which may be extended, and continuing to serve as a director of NGTF through, at a minimum, the company’s first twelve (12) months on the NASDAQ Capital Market should a successful uplisting occur. Mr. Lei Sonny Wang was concurrently appointed a director and Chief Executive Officer of NGTF. Each of Mr. Folkson and Mr. Wang entered into compensation agreements for their services effective February 2, 2024.

Lei Sonny Wang, 44, founded and has served as chief executive officer of Future Hospitality Ventures Holdings Inc., a service robots distribution company to address operational inefficiencies in the hospitality industry, since October 28, 2023. On October 17, 2017, Mr. Wang established, and acted as executive director of, Intelligent Ventures Group Inc., which specializes in scaling and reviving California’s early-stage and distressed small businesses through turnkey management. On March 1, 2019, Mr. Wang joined Tri Cascade Inc. as the Executive Director of Business Development, an early-stage IoT device manufacturing and smart device development company focusing on deploying Outdoor Air Quality Monitor applications to address high-density urban air population concerns. On March 2, 2020, Mr. Wang joined Komfort IQ as the Chief Revenue Officer, an IoT startup enhancing energy efficiency in commercial office spaces by up to 60%. On January 5, 2022, Mr. Wang joined Retrofitek Inc., a startup distribution company innovating in the HVAC sector with energy-saving coating technologies, as the interim CEO. Mr. Wang studied Political Science at the University of California, Santa Barbara, and obtained degrees in Consumer Behavior and Business Administration from the University of North Texas. Mr. Wang’s history in managing, launching, and growing companies that address critical challenges uniquely positions him as a qualified board member. NGTF believes that Mr. Wang’s strategic vision, combined with his operational experience, will contribute to creative problem-solving, business development, fundraising, and overall management.

FHVH is a new entrant in an explosive space: Robots-as-a-Service (RaaS). The up-and-coming global service robots market is projected to exceed \$170 billion by 2030. Under the leadership of Mr. Sonny Wang as CEO, FHVH has successfully secured valuable distribution agreements with industry-leading manufacturers United Robotics Group and Botin Innovation and has distribution agreements with at least one other global manufacturer expected to be signed in the fourth quarter of fiscal 2024.

OPERATING SUBSIDIARIES

Nightfood, Inc. - The Nighttime Snack Problem and Opportunity

What you eat before bed matters.

Nightfood is pioneering the category of sleep-friendly nighttime snacking.

Research indicates that humans are biologically hard-wired to load up on sweets and fats at night. Loading a surplus of calories (fuel) into the body before the long nightly fast is believed to be an outdated survival mechanism from our hunter-gatherer days. Unfortunately, while modern consumers know this type of consumption isn’t necessary for survival, willpower also weakens at night, so consumers are more likely to succumb to these unhealthy nighttime cravings for excess “survival calories”.

As a result, over 90% of adults report snacking regularly between dinner and bed (according to SleepFoundation.org), resulting in an estimated 1 billion nighttime snack occasions weekly in the United States, and an annual spend on night snacks of over \$60 billion. Because of our hard-wired evolutionary preferences at night for calorie-dense foods which increased the odds of short-term survival for our ancestors, the most popular nighttime snacks are ice cream, cookies, chips, and candy. These are all understood to be generally unhealthy. They can also impair sleep quality.

And, because these cravings are biologically hardwired, we believe modern unhealthy nighttime snacking behavior will continue to be a pattern and a problem for a significant portion of the population in developed nations around the world. We believe it's a problem that demands a solution.

In recent years, billions of dollars of consumer spend have shifted to better-for-you versions of consumers' favorite snacks. Nightfood snacks are not only formulated to be better-for-you, but they're uniquely formulated by sleep experts and nutritionists to provide a better nutritional foundation for quality sleep.

A significant portion of total snack consumption takes place between dinner and bed. Nutrition is an important part of sleep-hygiene because what one eats at night impacts sleep. Industry surveys indicate that modern consumers seek functional benefits from their snacks, and most consumers would also prefer better sleep.

As the pioneers of the nighttime snacking category, Nightfood accepts the responsibility to educate consumers and build the awareness required to grow the nighttime segment of the overall snack market. Along with that responsibility comes the opportunity to be the category king. We envision a future where nighttime specific, sleep-friendly snacks comprise a meaningful subsegment of the estimated \$150 billion American snack market.

Management believes significant latent consumer demand exists for better nighttime snacking options, and that a new consumer category, consisting of nighttime specific snacks, is set to emerge in the coming years. This belief is supported by research from major consumer goods research firms such as IRI Worldwide, and Mintel, who identified nighttime specific foods and beverages as one of the "most compelling and category changing trends" for 2017 and beyond. In recent years, CEOs and other executives from major consumer goods conglomerates such as Nestle, PepsiCo, Mondelez, and Kellogg's have commented on consumer nighttime snack habits and alluded to the opportunity that might exist in solving this problem for the marketplace.

Nightfood has established a highly credentialed Scientific Advisory Board consisting of sleep and nutrition experts to drive product formulation decisions and provide consumer confidence in the brand promise. The first member of this advisory board was Dr. Michael Grandner, Director of the Sleep and Health Research Program at the University of Arizona. Dr. Grandner has been conducting research on the link between nutrition and sleep for over fifteen years, and he believes improved nighttime nutritional choices can improve sleep, resulting in many short and long-term health benefits. In March of 2018, the Company added Dr. Michael Breus to their Scientific Advisory Board. Dr. Breus, known to millions as The Sleep Doctor™, is believed to be the Nation's most trusted authority on sleep. He regularly appears in the national media to educate and inform consumers so they can sleep better and lead happier, healthier, more productive lives. In July 2018, we completed our Scientific Advisory Board with the addition of Dr. Lauren Broch, Ph.D, M.S. Dr. Broch is a sleep therapist and former Director of Education & Training at the Sleep-Wake Disorders Center at Weill Cornell Medical College. Dr. Broch also has a master's degree in human nutrition. This combination allows her to play an important role in the formulation of Nightfood snacks. These experts work with Company management to ensure Nightfood products deliver on their nighttime-appropriate, and sleep-friendly promises.

Compared to regular ice cream, Nightfood is formulated with more tryptophan, more vitamin B6, more calcium, magnesium, and zinc, more protein and more prebiotic fiber. Nightfood also contains less fat, less sugar, and fewer calories than traditional ice cream, and is lactose free.

Nightfood cookies offer similar nutritional benefits when compared to conventional cookies. They feature less sugar, less fat, fewer calories, more protein, more prebiotic fiber, and contain added inositol and vitamin B6.

Each new Nightfood snack format would be expected to deliver sleep-friendly snacking in a way that is appropriate for that format. For example, Nightfood chips would not necessarily contain significantly more tryptophan than other brands of chips but may be more sleep-friendly in other ways.

Nightfood has received media coverage for its sleep-friendly snacks in outlets such as The Today Show, Oprah Magazine, The Rachael Ray Show, Food Network Magazine, The Wall Street Journal, USA Today, The Washington Post, Fox Business News, and many other major media outlets.

The Company is in the process of launching a direct-to-consumer (“DTC”) initiative for Nightfood sleep-friendly cookies that Management believes has the potential to quickly scale, providing stability and a foundation from which to grow the Nightfood brand and the sleep-friendly snack category.

Because of the potential size and strategic importance of the nighttime-specific snack market, and the growing interest and understanding of the link between nutrition and sleep, potential exists for joint ventures with international food and beverage and wellness companies. In recent years, some of the largest food and beverage companies in the world have approached us to explore partnership opportunities. This includes Nestlé (with whom we completed a “test-and-learn” joint initiative in 2023) and others. Most recently, in January 2024, we were contacted by a leading international wellness brand which wanted to explore development of Nightfood branded snacks in a joint venture.

Discussions surrounding such partnership opportunities remain ongoing, and shareholders should expect advancement of such initiatives to be predicated on successful Nightfood DTC scaling in mid-2024. DTC scaling would also allow us to evaluate additional opportunities in the hotel vertical. Nightfood ice cream pints remain available in a number of hotels across the country, some of whom are buying direct, and others through a third-party distributor. This limited distribution, and resulting revenue, are not significant. But we believe this distribution continues to indicate interest and opportunity in the hotel sector upon which we can capitalize in the future.

Future plans for the Nightfood brand include the introduction of sleep-friendly snacks in additional formats with retail distribution in supermarkets, hospitality, and other traditional and non-traditional channels.

Future Hospitality Ventures Holdings, Inc.

Future Hospitality is a new and well-positioned entrant in the burgeoning Robotics-as-a-Service (“RaaS”) sector. The global service robots market is projected to exceed \$170 billion by 2030. With a focus on the RaaS opportunity across the United States, Future Hospitality launched in California, a labor market undergoing upheaval due to recent shifts in labor laws, minimum wage for restaurant workers, and high turnover rates that have forever burdened the foodservice and hospitality industry.

The potential for growth across the United States is significant. We believe the RaaS landscape will be ripe with opportunities for organic growth and strategic and accretive mergers and acquisitions. The goal of Future Hospitality is to leverage our resources to become a leader in the RaaS (Robotics as a Service) sector, value to our customers and driving industry innovation, while strategically expanding our market footprint, revenues, and profits to maximize shareholder value in this high-margin industry.

DEVELOPMENT PLANS

Our focus is on identifying and exploiting explosive market trends within the hospitality, food services, and consumer goods sectors. By leading newly emerging categories and by identifying opportunities in existing markets undergoing transformational upheaval, our aim is to create upside potential unmatched in more mature markets.

In November, 2023, we announced our goal of building a portfolio of operating companies in these spaces to enhance stability and shareholder value through uplist to a senior exchange such as NASDAQ. The first acquisition in this process was completed in February 2024, when we acquired newly formed Future Hospitality in an all-stock transaction.

We are currently in the process of acquiring two additional operating companies which are expected to bring millions of dollars in assets and synergistic revenue under the Nightfood Holdings umbrella, should the acquisitions be successfully completed, which we anticipate. Our updated timeline targets have us completing these two acquisitions in May of 2024, with the goal of transitioning to the NASDAQ before the end of calendar 2024.

INFLATION

Inflation can be expected to have an impact on our operating costs. A prolonged period of inflation could cause a general economic downturn and negatively impact our results.

SEASONALITY

We do not expect a significant seasonality impact on either Nightfood or Future Hospitality during the anticipated upcoming growth stages of either company. The full impact of seasonality on our businesses might not be fully understood for several additional annual cycles.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2023 AND 2022

Revenue

For the three months ended December 31, 2023 and 2022, we had Gross Sales of \$636 and \$38,424, respectively and Net Revenues (Net Revenues are defined as Gross Sales, less Slotting Fees, Sales Discounts, and certain other revenue reductions) of \$601 and \$13,369, respectively, and incurred operating losses of \$174,670 and \$677,539 respectively, and the pivot to Direct-To-Consumer sales of our cookies which had not yet launched as of December 31, 2023.

Accounting standards require exclusion on the income statement of Gross Sales made to a customer to whom the Company is paying slotting fees and certain other payments (slotting fees are fees occasionally charged by retailers and distributors to add a new product into their product assortment). In those situations, the Gross Sales number is reduced, dollar for dollar, by the slotting fees and other payments, until the total cost is covered. These payments do not appear on the income statement as an expense. Rather, Slotting Fees, along with Sales Discounts, are applied against Gross Sales, resulting in Net Revenue, as shown below. The netting of Gross Sales against slotting and sales discounts, as described and shown below, results in the Net Revenue number at the top of the income statement. This is not a reflection of the amount of product shipped to customers, but rather a function of the way certain sales are accounted for when those sales are made to customers who are charging slotting fees.

	For the three month period ended December 31, 2023	For the three month period ended December 31, 2022
GROSS SALES		
Gross product sales	\$ 636	\$ 38,424
Less:		
Slotting fees	-	-
Sales discounts, promotions, and other reductions	(35)	(25,055)
Net Revenues	<u>\$ 601</u>	<u>\$ 13,369</u>

Costs and expenses

For the three months ended December 31, 2023 and 2022, Cost of Product Sold decreased to \$996 from \$41,996. This is due to a decrease in the amount of product sold.

For the three months ended December 31, 2023 and 2022, Advertising and Promotional Expenses decreased from \$53,169 to \$6,722 as we paused advertising and promotional efforts during the current three month period.

For the three months ended December 31, 2023 and 2022, Selling, General, and Administrative expenses decreased from \$104,292 to \$53,437. The decrease was a result of reductions to inventory write downs in the current three-month period, as well as a reduction to other general and administrative costs.

For the three months ended December 31, 2023 and 2022, Professional Fees decreased from \$491,448 to \$114,116. This decrease was largely due to reduced expenses in the current three months ended December 31, 2023, as we did not have costs associated with the preparation, filing, and qualification of our Tier 2 offering pursuant to Regulation A, which received qualification from the SEC on October 25, 2022. In addition consulting fees were substantially reduced in the most recent three months ended December 31, 2023 as compared to the prior period.

For the three months ended December 31, 2023 and 2022, Total Operating Expenses decreased from \$690,908 to \$175,271. As discussed above, the major component of this decrease was the reduction professional fees by \$377,332 period over period.

Total Operating Expenses include those expenses associated with running the operating portion of our business (such as the manufacturing our snacks, advertising for our product, warehousing, freight, and the like). It also includes certain cash and non-cash expenses incurred by us related to activities such as SEC compliance, fundraising activities, and maintaining our public entity in good standing. Our revenues and operations are currently limited, therefore expenses relating to financing and compliance activities make up a larger portion of our total expenses than they might in a larger company.

Other Income (Expense)

For the three months ended December 31, 2023 and 2022, Total Other Expenses decreased to \$316,784 from \$3,882,723. The majority of these expenses are related to accounting treatment applied to financing costs, debt and the amortization of debt discount. During the three months ended December 31, 2023 we recorded amortization of debt discount of \$201,481 and financing costs of \$52,260. During the three months ended December 31, 2022 we recorded amortization of debt discount of \$484,907 and financing costs of \$3,377,927. This is not an actual cash expense but is a function of the way certain financing activities are accounted for. Interest expenses totaled \$63,040 and \$34,382 in the three months ended December 31, 2023 and 2022, respectively. Other expense in the three months ended December 31, 2022 was offset by a gain of \$14,493 with respect to the extinguishment of certain debt in the period.

Net Loss

Our net loss in the three months ended December 31, 2023 totaled \$491,454 as compared to \$4,560,262 in the three months ended December 31, 2022. The decrease to the net loss is directly related to a substantial decrease in financing costs and the amortization of debt discount in the current three months ended December 31, 2023.

RESULTS OF OPERATIONS FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2023 AND 2022

Revenue

For the six months ended December 31, 2023 and 2022, we had Gross Sales of \$9,438 and \$137,647, respectively and Net Revenues (Net Revenues are defined as Gross Sales, less Slotting Fees, Sales Discounts, and certain other revenue reductions) of \$9,071 and \$93,339, respectively, and incurred operating losses of \$599,860 and \$1,236,146 respectively. and the pivot to Direct-To-Consumer sales of our cookies which had not yet launched as of December 31, 2023.

Accounting standards require exclusion on the income statement of Gross Sales made to a customer to whom the Company is paying slotting fees and certain other payments (slotting fees are fees occasionally charged by retailers and distributors to add a new product into their product assortment). In those situations, the Gross Sales number is reduced, dollar for dollar, by the slotting fees and other payments, until the total cost is covered. These payments do not appear on the income statement as an expense. Rather, Slotting Fees, along with Sales Discounts, are applied against Gross Sales, resulting in Net Revenue, as shown below. The netting of Gross Sales against slotting and sales discounts, as described and shown below, results in the Net Revenue number at the top of the income statement. This is not a reflection of the amount of product shipped to customers, but rather a function of the way certain sales are accounted for when those sales are made to customers who are charging slotting fees.

	For the six month period ended December 31, 2023	For the six month period ended December 31, 2022
GROSS SALES		
Gross product sales	\$ 9,438	\$ 137,647
Less:		
Slotting fees	-	-
Sales discounts, promotions, and other reductions	(367)	(44,308)
Net Revenues	<u>\$ 9,071</u>	<u>\$ 93,339</u>

Costs and expenses

For the six months ended December 31, 2023 and 2022, Cost of Product Sold decreased to \$58,576 from \$167,117. This is due to a decrease in the amount of product sold.

For the six months ended December 31, 2023 and 2022, Advertising and Promotional Expenses decreased from \$90,335 to a gain of \$409. This decrease is largely due to us pausing advertising and promotional efforts during the period. In addition, the gain in advertising and promotional costs in the six months ended December 31, 2023 is a result of certain previously booked marketing expenditures which were reversed in the current six month period, and when offset with actual costs in the period, resulted in a gain.

For the six months ended December 31, 2023 and 2022, Selling, General, and Administrative expenses decreased from \$230,636 to \$213,448, the slight decrease was largely due to reductions to investor relations related costs in the current six months ended December 31, 2023.

For the six months ended December 31, 2023 and 2022, Professional Fees decreased from \$841,397 to \$337,316. This decrease was largely due to reduced expenses in the current six months ended December 31, 2023, as we did not have costs associated with the preparation, filing, and qualification of our Tier 2 offering pursuant to Regulation A, which received qualification from the SEC on October 25, 2022. In addition we experienced a substantial decrease in consulting fees period over period.

For the six months ended December 31, 2023 and 2022, Total Operating Expenses decreased from \$1,329,485 to \$608,931. As discussed above, the major components of this decrease was the reduction in advertising and marketing spend and professional fees for a cumulative reduction in costs from these two cost centers over the comparative periods of \$594,825.

Total Operating Expenses include those expenses associated with running the operating portion of our business (such as the manufacturing our snacks, advertising for our product, warehousing, freight, and the like). It also includes certain cash and non-cash expenses incurred by us related to activities such as SEC compliance, fundraising activities, and maintaining our public entity in good standing. Our revenues and operations are currently limited, therefore expenses relating to financing and compliance activities make up a larger portion of our total expenses than they might in a larger company.

Other Income (Expense)

For the six months ended December 31, 2023 and 2022, Total Other Expenses decreased to \$1,324,636 from \$4,525,226. The majority of these expenses are related to accounting treatment applied to financing costs, debt and the amortization of debt discount. During the six months ended December 31, 2023 we recorded amortization of debt discount of \$413,740 and financing costs of \$804,160. During the six months ended December 31, 2022 we recorded amortization of debt discount of \$1,029,452 and financing costs of \$3,510,910. This is not an actual cash expense but is a function of the way certain financing activities are accounted for. Interest expenses totaled \$106,736 and \$57,328 in the six months ended December 31, 2023 and 2022, respectively. Other expense in the six months ended December 31, 2022 was offset by a gain of \$72,464 with respect to the extinguishment of certain debt in the period.

Net Loss

Our net loss in the six months ended December 31, 2023 totaled \$1,924,496 as compared to \$5,761,372 in the six months ended December 31, 2022. The decrease to the net loss is directly related to a substantial decrease in financing costs and amortization of debt discounts, as well as a decrease to our overall operating costs by approximately half.

Customers

In each of the three- and the six-month periods ended December 31, 2023, we had 1 customer which accounted for more than 10% of gross sales. During the six months ended December 31, 2022, the Company had four customers which individually accounted for more than 10% of gross sales and collectively accounted for approximately 83% of the gross sales. During the three months ended December 31, 2022, the Company had two customers account for approximately 97% of the gross sales.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2023, we had cash on hand of \$5,804, receivables of \$30,281, other current assets of \$133,410 and inventory valued at \$133,371.

Our cash on hand is not adequate to satisfy our working capital needs. We believe that our current capitalization structure, ongoing merger and acquisition activity, and our access to institutional capital will enable us to successfully secure the required financing to execute our development plans. In addition, we are currently working on acquisitions of additional revenue generating businesses to bolster our growth and strengthen our balance sheet.

As discussed above, the Company has limited available cash resources and we do not believe our cash on hand will be sufficient to fund our operations and growth in fiscal year 2024 or adequate to satisfy our immediate or ongoing working capital needs. The Company is continuing to raise capital through the sale of its securities, including common stock, preferred stock, and debt (including convertible debt) to finance the Company's operations, of which it can give no assurance of success. In addition, we will receive the proceeds from our outstanding warrants as, if and when such warrants are exercised for cash.

If we are unable to raise cash through the sale of our securities, we may be required to severely restrict or cease our operations.

Even if the Company is successful in raising additional funds, the Company cannot give any assurance that it will, in the future, be able to achieve a level of profitability from the sale of its products to sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments to reflect the possible future effects on recoverability and reclassification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Subsequent to December 31, 2023, we raised additional gross proceeds, net of original issuance discounts, of \$615,655.

Since inception in January 2010 through December 31, 2023, we have generated an accumulated deficit of approximately \$36,933,393. This accumulated deficit is not debt, and there is no obligation or liability associated with it. An accumulated deficit reflects a negative balance of retained earnings and an accumulation of historical losses over time, related to both operations and financing activities. It is not unusual for growing companies to have significant accumulated deficit, even after turning profitable. Many large, fast growing, and successful companies have reported accumulated deficits in recent years, such as Warby Parker, The Honest Company, Beyond Meat, Roblox, Robinhood, Sweetgreen, Oatly, Rivian, Celsius Holdings, Chobani, and Tesla. In our case, like many of these others, an accumulated deficit is a function of losses sustained over time, along with the costs associated with raising operating capital.

Assuming we raise additional funds and continue operations, it is expected we may incur additional operating losses during the course of fiscal year 2024 and possibly thereafter. We plan to continue to pay or satisfy existing obligation and commitments and finance our operations, as we have in the past, primarily through the sale of our securities and other forms of external financing until such time that we are able to generate sufficient funds from the sale of our products to finance our operations, of which we can give no assurance.

We anticipate deriving additional revenue from direct-to-consumer product sales in fiscal year 2024, but we cannot at this time quantify the amount. Subsequent to December 31, 2023 we were successful in acquiring a new operating subsidiary in the Robots-as-a-Service (RaaS) space, and expect to enhance our revenues through these operations in the coming months. In addition, we expect to successfully complete the acquisition of two additional operating companies in the second quarter of calendar 2024.

Cash Flow from Operating Activities

During the six months ended December 31, 2022, net cash used in operating activities was \$738,165 compared to net cash used of \$339,783 for the six months ended December 31, 2023. This decrease in net cash used is largely due to the overall reduction in our operating and non-operating activities in the most recently completed six-month period. While we continue to report increases to accounts payable and other liabilities as well as non-cash expenses such as financing costs including costs of the issuance of warrants in respect to financings and services, the overall size of the increase to our operating liabilities is substantially reduced to results reported in the six months ended December 31, 2022.

Cash Flow from Investing Activities

We did not use any cash in investing activities, during the six months ended December 31, 2023 or December 31, 2022.

Cash Flow from Financing Activities

During the six months ended December 31, 2023, net cash of \$301,400 was raised through the issuance of debt in the form of convertible notes and secured promissory notes. In the six months ended December 31, 2022, our financing activities provided net cash of \$506,296, and consisted of the issuance of debt in the form of convertible notes totaling \$644,000 offset by repayments to debt of \$362,319, and proceeds from shares sold under our Reg A offering of \$224,615.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, we evaluate past judgments and our estimates, including those related to allowance for doubtful accounts, allowance for inventory write-downs and write offs, deferred income taxes, provision for contractual obligations and our ability to continue as a going concern. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Note 2 to the consolidated financial statements, presented in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, describe the significant accounting estimates and policies used in preparation of our consolidated financial statements. There were no significant changes in our critical accounting estimates during the six months ended December 31, 2023.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Smaller reporting companies are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. Disclosure and control procedures are also designed to ensure that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, to allow timely decisions regarding required disclosures.

We carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2023. In designing and evaluating the disclosure controls and procedures, management recognizes that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, management is required to apply its reasonable judgment. Based on that evaluation, our chief executive officer concluded that our disclosure controls and procedures were not effective at December 31, 2023 due to the lack of full-time accounting and management personnel. We will consider hiring additional employees when we obtain sufficient capital.

As funds become available to us, we expect to implement additional measures to improve disclosure controls and procedures such as implementing and documenting our internal controls procedures.

Changes in internal controls over financial reporting

There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Limitations on the Effectiveness of Controls

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The Company's management, including its Principal Executive Officer and its Principal Financial Officer, do not expect that the Company's disclosure controls will prevent or detect all errors and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not engaged in any litigation at the present time, and management is unaware of any claims or complaints that could result in future litigation. Management will seek to minimize disputes with its customers but recognizes the inevitability of legal action in today's business environment as an unfortunate price of conducting business.

ITEM 1A. RISK FACTORS.

Not required for smaller reporting companies.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

There were no sales of equity securities during the period covered by this Report that were not registered under the Securities Act and/or were not previously reported in a Current Report on Form 8-K filed by the Company other than as set out below:

During the three months ended December 31, 2023, the Company issued 300,000 shares as a consulting fee with a fair value of \$7,800. The shares were issued in reliance on an exemption from registration pursuant to 4(a)(2) of the Securities Act, as a transaction not involving any public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Amendments to Articles of Incorporation

On January 26, 2024, the Certificate of Designation of Preferences, Rights and Limitations of Series A Super Voting Preferred Stock (the "Series A Preferred Stock") of Nightfood Holdings, Inc. ("NGTF") was amended (the "Amended Series A COD") by replacing Section 1 to alter the voting structure of the Series A Preferred Stock. Pursuant to the Amended Series A COD, the shares of Series A Preferred Stock will have a number of votes equal to (i) the number of votes then held or entitled to be made by all other equity securities of NGTF plus (ii) one (1). No other changes were made.

Also on January 26, 2024, NGTF filed a Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the "Series C COD"), which established 500,000 shares of Series C Convertible Preferred Stock (the "Series C Preferred Stock"), par value of \$0.001 per share, having such designations, rights and preferences as set forth in the Series C COD. The shares of Series C Preferred Stock are convertible six (6) months after issuance into common stock of NGTF at a rate of six thousand (6,000) shares of common stock for each share of Series C Preferred Stock. The shares of Series C Preferred Stock do not have voting rights and rank junior to the Series B Preferred Stock. The holders of Series C Preferred Stock are not entitled to dividends.

The Company's board of directors unanimously approved the Amended Series A COD and the Series C COD. The Amended Series A COD was also approved by the affirmative vote of the Company's majority stockholder entitling it to a majority of the voting power.

On February 7, 2024, the Certificate of Designation of Preferences, Rights and Limitations of Series C Convertible Preferred Stock (the "Series C Preferred Stock") of Nightfood Holdings, Inc. ("NGTF") was amended (the "Amended Series C COD") by revising Section G to include a provision for adjustments for reverse stock splits. Pursuant to the Amended Series C COD, if the corporation at any time combines its outstanding shares of common stock into a smaller number of shares, then the number of shares of common stock issuable upon conversion of the Series C Preferred Stock pursuant to Section G(a) shall be proportionately decreased. No other changes were made.

Also on February 7, 2024, NGTF filed a Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (the “Series D COD”), which established 100,000 shares of Series D Convertible Preferred Stock (the “Series D Preferred Stock”), par value of \$0.001 per share, having such designations, rights and preferences as set forth in the Series D COD. The shares of Series D Preferred Stock are convertible six (6) months after issuance into common stock of NGTF at a rate of six thousand (6,000) shares of common stock for each share of Series D Preferred Stock. The shares of Series D Preferred Stock do not have voting rights and rank junior to the Series B Preferred Stock. The holders of Series D Preferred Stock are not entitled to dividends.

NGTF’s board of directors unanimously approved the Amended Series C COD and the Series D COD. The Amended Series C COD was also approved by the affirmative vote of NGTF’s majority stockholder entitling it to a majority of the voting power.

Changes to executive Management

On February 2, 2024 Mr. Sean Folkson resigned as CEO and Mr. Lei Sonny Wang was appointed CEO and to the Company’s board of directors.

ITEM 6. EXHIBITS.

Exhibit	Exhibit Description
3.1	Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Registrant’s Registration Statement on Form S-1 (333-193347) filed with the Commission on January 13, 2014)
3.2	Articles of Amendment (Incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed with the Commission on September 20, 2017)
3.3	Bylaws (Incorporated by reference to Exhibit 3.2 to the Registrant’s Registration Statement on Form S-1 (333-193347) filed with the Commission on January 13, 2014)
3.4	Certificate of Designation – Series A Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed with the Commission on July 17, 2018)
3.5	Certificate of Designation – Series B Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed with the Commission on April 23, 2021)
4.1	Promissory Note issued to Fourth Man, LLC dated as of June 29, 2023 (Incorporated by reference to Exhibit 10.46 on the Registrant’s Annual Report on Form 10-K filed with the Commission on October 13, 2023).
4.2	Common Stock Purchase Warrant issued to Fourth Man, LLC dated as of June 29, 2023 (Incorporated by reference to Exhibit 10.47 on the Registrant’s Annual Report on Form 10-K filed with the Commission on October 13, 2023).
4.3*	Warrants issued to J.H. Darbie & Co., Inc. dated as of June 29, 2023
4.4	Common Stock Purchase Warrant issued to Fourth Man, LLC dated as of August 28, 2023 (Incorporated by reference to Exhibit 10.52 on the Registrant’s Annual Report on Form 10-K filed with the Commission on October 13, 2023).
4.5	Promissory Note issued to Fourth Man, LLC dated as of August 28, 2023 (Incorporated by reference to Exhibit 10.51 on the Registrant’s Annual Report on Form 10-K filed with the Commission on October 13, 2023).
4.6*	Warrants issued to J.H. Darbie & Co., Inc. dated as of August 28, 2023
10.1	Securities Purchase Agreement with Mast Hill Fund, L.P. (Incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the Commission on November 20, 2023)
10.2	Promissory Note dated with Mast Hill Fund, L.P. (Incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed with the Commission on November 20, 2023).
10.3	Securities Purchase Agreement dated as of June 29, 2023 between the Company and Fourth Man, LLC (Incorporated by reference to Exhibit 10.45 on the Registrant’s Annual Report on Form 10-K filed with the Commission on October 13, 2023).
10.4	Securities Purchase Agreement dated as of August 28, 2023 between the Company and Fourth Man, LLC (Incorporated by reference to Exhibit 10.50 on the Registrant’s Annual Report on Form 10-K filed with the Commission on October 13, 2023).
10.5	Securities Purchase Agreement with Mast Hill Fund, L.P. (incorporated by reference to Exhibit 10.1 on the Registrant’s Current Report on Form 8-K filed with the Commission on December 12, 2023)
10.6	Promissory Note with Mast Hill Fund, L.P. (incorporated by reference to Exhibit 10.2 on the Registrant’s Current Report on Form 8-K filed with the Commission on December 12, 2023)
31.1*	Certification of the Chief Executive and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 1, 2024

Nightfood Holdings, Inc.

By: /s/ Lei Sonny Wang
Lei Sonny Wang
Chief Executive Officer
(Principal Executive, Financial and Accounting Officer)

NEITHER THIS SECURITY NOR THE SECURITIES AS TO WHICH THIS SECURITY MAY BE EXERCISED HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

NIGHTFOOD HOLDINGS, INC.

Warrant Shares: 23,021

Date of Issuance: June 29, 2023 ("Issuance Date")

This COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for services provided according to Fee Agreement dated August 25, 2022, J.H. Darbie & Co., Inc., a New York corporation (including any permitted and registered assigns, the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time during the Exercise Period (as defined below), to purchase from NightFood Holdings, Inc., a Nevada corporation (the "Company"), up to 23,021 shares of Common Stock (as defined below) (the "Warrant Shares") (whereby such number may be adjusted from time to time pursuant to the terms and conditions of this Warrant) at the Exercise Price per share then in effect. This Warrant is issued by the Company as of the date hereof in connection with that certain securities purchase agreement dated June 29, 2023, by and among the Company and the Introduced Party (as defined in the Fee Agreement).

Terms used in this Warrant shall have the meanings set forth in Section 13 below. For purposes of this Warrant, the term "Exercise Price" shall mean \$0.1, subject to adjustment as provided herein (including but not limited to cashless exercise), and the term "Exercise Period" shall mean the period commencing on the Issuance Date and ending on 5:00 p.m. eastern standard time on the date which is 5 years after the Issuance Date.

1. EXERCISE OF WARRANT

(a) *Mechanics of Exercise.* Subject to the terms and conditions hereof, the rights represented by this Warrant may be exercised in whole or in part at any time or times during the Exercise Period by delivery of a written notice, in the form attached hereto as Exhibit B (the “Exercise Notice”), of the Holder’s election to exercise this Warrant. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. On or before the second Trading Day (the “Warrant Share Delivery Date”) following the date on which the Holder sent the Exercise Notice to the Company or the Company’s transfer agent, and upon receipt by the Company of payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which all or a portion of this Warrant is being exercised (the “Aggregate Exercise Price” and together with the Exercise Notice, the “Exercise Delivery Documents”) in cash or by wire transfer of immediately available funds (or by cashless exercise, in which case there shall be no Aggregate Exercise Price provided), the Company shall (or direct its transfer agent to) issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company’s share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise (or deliver such shares of Common Stock in electronic format if requested by the Holder). Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares. If this Warrant is submitted in connection with any exercise and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 6) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

If the Company fails to cause its transfer agent to transmit to the Holder the respective shares of Common Stock by the respective Warrant Share Delivery Date, then the Holder shall have, in addition to all other rights and remedies at law or otherwise, the right to rescind such exercise in Holder’s sole discretion, and such failure shall be deemed an event of default under the Note.

If the Market Price of one share of Common Stock is greater than the Exercise Price, the Holder may elect to receive Warrant Shares pursuant to a cashless exercise, in lieu of a cash exercise, equal to the value of this Warrant determined in the manner described below (or of any portion thereof remaining unexercised) by surrender of this Warrant and a Notice of Exercise, in which event the Company shall issue to Holder a number of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of Shares to be issued to Holder.

Y = the number of Warrant Shares that the Holder elects to purchase under this Warrant (at the date of such calculation).

A = the Market Price (at the date of such calculation).

B = Exercise Price (as adjusted to the date of such calculation).

(b) *No Fractional Shares.* No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Warrant Shares (including fractions) issuable upon exercise of this Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then-current fair market value of a Warrant Share by such fraction.

(c) *Holder's Exercise Limitations.* Notwithstanding anything to the contrary contained herein, the Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 1 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's affiliates (the "Affiliates"), and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 1(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Holder is solely responsible for any schedules required to be filed in accordance therewith. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 1(c), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding at the time of the respective calculation hereunder. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

2. ADJUSTMENTS. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) *Distribution of Assets.* If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including without limitation any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case:

(i) any Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of shares of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction (i) the numerator of which shall be the Closing Sale Price of the shares of Common Stock on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (ii) the denominator of which shall be the Closing Sale Price of the shares of Common Stock on the Trading Day immediately preceding such record date; and

(ii) the number of Warrant Shares shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of shares of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i); provided, however, that in the event that the Distribution is of shares of common stock of a company (other than the Company) whose common stock is traded on a national securities exchange or a national automated quotation system (“Other Shares of Common Stock”), then the Holder may elect to receive a warrant to purchase Other Shares of Common Stock in lieu of an increase in the number of Warrant Shares, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the number of shares of Other Shares of Common Stock that would have been payable to the Holder pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an aggregate exercise price equal to the product of the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i) and the number of Warrant Shares calculated in accordance with the first part of this clause (ii).

(b) *Anti-Dilution Adjustments to Exercise Price.* If the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to the price at which Common Stock is issuable under the Note), at an effective price per share less than the then Exercise Price (such lower price, the “Base Share Price” and such issuances collectively, a “Dilutive Issuance”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, elimination of an applicable floor price for any reason in the future (including but not limited to the passage of time or satisfaction of certain condition(s)), reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled or potentially entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price at any time while such Common Stock or Common Stock Equivalents are in existence, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance (regardless of whether the Common Stock or Common Stock Equivalents are (i) subsequently redeemed or retired by the Company after the date of the Dilutive Issuance or (ii) actually converted or exercised at such Base Share Price), then the Exercise Price shall be reduced at the option of the Holder and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued, regardless of whether the Common Stock or Common Stock Equivalents are (i) subsequently redeemed or retired by the Company after the date of the Dilutive Issuance or (ii) actually converted or exercised at such Base Share Price by the holder thereof (for the avoidance of doubt, the Holder may utilize the Base Share Price even if the Company did not actually issue shares of its common stock at the Base Share Price under the respective Common stock Equivalents). The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 2(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the “Dilutive Issuance Notice”). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 2(b), upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

Subdivision or Combination of Common Stock. If the Company at any time on or after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Issuance Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(c) shall become effective at the close of business on the date the subdivision or combination becomes effective. Each such adjustment of the Exercise Price shall be calculated to the nearest one-hundredth of a cent. Such adjustment shall be made successively whenever any event covered by this Section 2(c) shall occur.

3. FUNDAMENTAL TRANSACTIONS. If, at any time while this Warrant is outstanding, (i) the Company effects any merger of the Company with or into another entity and the Company is not the surviving entity (such surviving entity, the “Successor Entity”), (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or by another individual or entity, and approved by the Company) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares of Common Stock for other securities, cash or property and the holders of at least 50% of the Common Stock accept such offer, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock) (in any such case, a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive the number of shares of Common Stock of the Successor Entity or of the Company and any additional consideration (the “Alternate Consideration”) receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event (disregarding any limitation on exercise contained herein solely for the purpose of such determination). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any Successor Entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder’s right to exercise such warrant into Alternate Consideration.

4. NON-CIRCUMVENTION. The Company covenants and agrees that it will not, by amendment of its certificate of incorporation, bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, for so long as this Warrant is outstanding, have authorized and reserved, free from preemptive rights, one and a half (1.5) times the number of shares of Common Stock into which the Warrants are then exercisable into to provide for the exercise of the rights represented by this Warrant (without regard to any limitations on exercise).

5. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, this Warrant, in and of itself, shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

6. REISSUANCE.

(a) *Lost, Stolen or Mutilated Warrant*. If this Warrant is lost, stolen, mutilated or destroyed, the Company will, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

(b) *Issuance of New Warrants*. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant shall be of like tenor with this Warrant, and shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date.

7. TRANSFER. This Warrant shall be binding upon the Company and its successors and assigns and shall inure to be the benefit of the Holder and its successors and assigns. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior signed written consent of the Holder, which consent may be withheld at the sole discretion of the Holder (any such assignment or transfer shall be null and void if the Company does not obtain the prior signed written consent of the Holder). This Warrant or any of the severable rights and obligations inuring to the benefit of or to be performed by Holder hereunder may be assigned by Holder to a third party, in whole or in part, without the need to obtain the Company's consent thereto.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the notice provisions contained in the Purchase Agreement. The Company shall provide the Holder with prompt written notice (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, the calculation of such adjustment and (ii) at least 20 days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any stock or other securities directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock or other property, pro rata to the holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

9. AMENDMENT AND WAIVER. The terms of this Warrant may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holder.

10. GOVERNING LAW AND VENUE. This Warrant shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Warrant shall be brought only in the state courts located in the Commonwealth of Massachusetts or federal courts located in Commonwealth of Massachusetts. The parties to this Warrant hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR UNDER ANY OTHER TRANSACTION DOCUMENT ENTERED INTO IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Warrant or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

11. PIGGYBACK REGISTRATION RIGHTS. The Company hereby grants to the Buyer the registration rights set forth on Exhibit D hereto.

12. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "Nasdaq" means www.Nasdaq.com.

(b) "Closing Sale Price" means, for any security as of any date, (i) the last closing trade price for such security on the Principal Market, as reported by Nasdaq, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Nasdaq, or (ii) if the foregoing does not apply, the last trade price of such security in the over-the-counter market for such security as reported by Nasdaq, or (iii) if no last trade price is reported for such security by Nasdaq, the average of the bid and ask prices of any market makers for such security as reported by the OTC Markets. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(c) "Common Stock" means the Company's common stock, and any other class of securities into which such securities may hereafter be reclassified or changed.

(d) "Common Stock Equivalents" means any securities of the Company that would entitle the holder thereof to acquire at any time Common Stock, including without limitation any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

(e) [Intentionally Omitted].

(f) "Person" and "Persons" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any governmental entity or any department or agency thereof.

(g) "Principal Market" means the primary national securities exchange on which the Common Stock is then traded.

(h) "Market Price" means the highest traded price of the Common Stock during the 150 Trading Days prior to the date of the respective Exercise Notice.

(i) "Trading Day" means (i) any day on which the Common Stock is listed or quoted and traded on its Principal Market, (ii) if the Common Stock is not then listed or quoted and traded on any national securities exchange, then a day on which trading occurs on any over-the-counter markets, or (iii) if trading does not occur on the over-the-counter markets, any Business Day.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the Issuance Date set forth above.

NightFood Holdings, Inc.

By: /s/ Sean Folkson
Name: Sean Folkson
Title: Chief Executive Officer

EXHIBIT B

NOTICE OF EXERCISE

(To be executed by the registered holder to exercise this Common Stock Purchase Warrant)

THE UNDERSIGNED holder hereby exercises the right to purchase of the shares of Common Stock ("Warrant Shares") of NightFood Holdings, Inc., a Nevada corporation (the "Company"), evidenced by the attached copy of the Common Stock Purchase Warrant (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as (check one):

- a cash exercise with respect to Warrant Shares; or
- by cashless exercise pursuant to the Warrant.

2. Payment of Exercise Price. If cash exercise is selected above, the holder shall pay the applicable Aggregate Exercise Price in the sum of \$ _____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____

(Print Name of Registered Holder)

By: _____
Name: _____
Title: _____

EXHIBIT C

ASSIGNMENT OF WARRANT

(To be signed only upon authorized transfer of the Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto the right to purchase _____ shares of common stock of NightFood Holdings, Inc., to which the within Common Stock Purchase Warrant relates and appoints _____, as attorney-in-fact, to transfer said right on the books of NightFood Holdings, Inc. with full power of substitution and re-substitution in the premises. By accepting such transfer, the transferee has agreed to be bound in all respects by the terms and conditions of the within Warrant.

Dated: _____

(Signature)

(Name)

(Address)

(Social Security or Tax Identification No.)

* The signature on this Assignment of Warrant must correspond to the name as written upon the face of the Common Stock Purchase Warrant in every particular without alteration or enlargement or any change whatsoever. When signing on behalf of a corporation, partnership, trust, or other entity, please indicate your position(s) and title(s) with such entity.

EXHIBIT D

REGISTRATION RIGHTS

All of the shares into which the Warrant is exercisable into will be deemed “Registrable Securities” subject to the provisions of this Exhibit C.

1. Piggy-Back Registration.

1.1 Piggy-Back Rights. If at any time on or after the date of the Closing the Company proposes to file any Registration Statement under the 1933 Act (a “Registration Statement”) with respect to any offering of equity securities, or securities or other obligations exercisable or exchangeable for, or convertible into, equity securities, by the Company for its own account or for shareholders of the Company for their account (or by the Company and by shareholders of the Company), other than a Registration Statement (i) filed in connection with any employee stock option or other benefit plan on Form S-8, (ii) for a dividend reinvestment plan or (iii) in connection with a merger or acquisition, then the Company shall (x) give written notice of such proposed filing to the holders of Registrable Securities appearing on the books and records of the Company as such a holder as soon as practicable but in no event less than ten (10) days before the anticipated filing date of the Registration Statement, which notice shall describe the amount and type of securities to be included in such Registration Statement, the intended method(s) of distribution, and the name of the proposed managing underwriter or underwriters, if any, of the offering, and (y) offer to the holders of Registrable Securities in such notice the opportunity to register the sale of such number of Registrable Securities as such holders may request in writing within three (3) days following receipt of such notice (a “Piggy-Back Registration”). The Company shall cause such Registrable Securities to be included in such registration and shall cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration on the same terms and conditions as any similar securities of the Company and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method(s) of distribution thereof. All holders of Registrable Securities proposing to distribute their securities through a Piggy- Back Registration that involves an underwriter or underwriters shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such Piggy-Back Registration.

1.2 Withdrawal. Any holder of Registrable Securities may elect to withdraw such holder’s request for inclusion of Registrable Securities in any Piggy-Back Registration by giving written notice to the Company of such request to withdraw prior to the effectiveness of the Registration Statement. The Company (whether on its own determination or as the result of a withdrawal by persons making a demand pursuant to written contractual obligations) may withdraw a Registration Statement at any time prior to the effectiveness of such Registration Statement. Notwithstanding any such withdrawal, the Company shall pay all expenses incurred by the holders of Registrable Securities in connection with such Piggy-Back Registration as provided in Section 1.5 below.

1.3 The Company shall notify the holders of Registrable Securities at any time when a prospectus relating to such holder’s Registrable Securities is required to be delivered under the 1933 Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. At the request of such holder, the Company shall also prepare, file and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of the Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. The holders of Registrable Securities shall not to offer or sell any Registrable Securities covered by the Registration Statement after receipt of such notification until the receipt of such supplement or amendment.

1.4 The Company may request a holder of Registrable Securities to furnish the Company such information with respect to such holder and such holder's proposed distribution of the Registrable Securities pursuant to the Registration Statement as the Company may from time to time reasonably request in writing or as shall be required by law or by the SEC in connection therewith, and such holders shall furnish the Company with such information.

1.5 All fees and expenses incident to the performance of or compliance with this Exhibit D by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the SEC, (B) with respect to filings required to be made with any trading market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (D) with respect to any filing that may be required to be made by any broker through which a holder of Registrable Securities intends to make sales of Registrable Securities with the FINRA, (ii) printing expenses, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) 1933 Act liability insurance, if the Company so desires such insurance, (vi) fees and expenses of all other persons or entities retained by the Company in connection with the consummation of the transactions contemplated by this Exhibit D and (vii) reasonable fees and disbursements of a single special counsel for the holders of Registrable Securities (selected by holders of the majority of the Registrable Securities requesting such registration). In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any holder of Registrable Securities.

1.6 The Company and its successors and assigns shall indemnify and hold harmless the Buyer, each holder of Registrable Securities, the officers, directors, members, partners, agents and employees (and any other individuals or entities with a functionally equivalent role of a person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each individual or entity who controls the Buyer or any such holder of Registrable Securities (within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other individuals or entities with a functionally equivalent role of a person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling individual or entity (each, an "Indemnified Party"), to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any related prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any such prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Exhibit D, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based upon information regarding the Buyer or such holder of Registrable Securities furnished to the Company by such party for use therein. The Company shall notify the Buyer and each holder of Registrable Securities promptly of the institution, threat or assertion of any proceeding arising from or in connection with the transactions contemplated by this Exhibit D of which the Company is aware.

1.7 If the indemnification under Section 1.6 is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then the Company shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Company and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the Company and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, the Company or the Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include any reasonable attorneys' or other fees or expenses incurred by such party in connection with any proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in Section 1.6 was available to such party in accordance with its terms. It is agreed that it would not be just and equitable if contribution pursuant to this Section 1.7 were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding sentence. Notwithstanding the provisions of this Section 1.7, neither the Buyer nor any holder of Registrable Securities shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such party from the sale of all of their Registrable Securities pursuant to such Registration Statement or related prospectus exceeds the amount of any damages that such party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

[End of Exhibit D]

NEITHER THIS SECURITY NOR THE SECURITIES AS TO WHICH THIS SECURITY MAY BE EXERCISED HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

NIGHTFOOD HOLDINGS, INC.

Warrant Shares: 21,250

Date of Issuance: August 28, 2023 ("Issuance Date")

This COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for services provided according to Fee Agreement dated August 25, 2022, J.H. Darbie & Co., Inc., a New York corporation (including any permitted and registered assigns, the "Holder"), is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time during the Exercise Period (as defined below), to purchase from NightFood Holdings, Inc., a Nevada corporation (the "Company"), up to 21,250 shares of Common Stock (as defined below) (the "Warrant Shares") (whereby such number may be adjusted from time to time pursuant to the terms and conditions of this Warrant) at the Exercise Price per share then in effect. This Warrant is issued by the Company as of the date hereof in connection with that certain securities purchase agreement dated August 28, 2023, by and among the Company and the Introduced Party (as defined in the Fee Agreement).

Terms used in this Warrant shall have the meanings set forth in Section 13 below. For purposes of this Warrant, the term "Exercise Price" shall mean \$0.12, subject to adjustment as provided herein (including but not limited to cashless exercise), and the term "Exercise Period" shall mean the period commencing on the Issuance Date and ending on 5:00 p.m. eastern standard time on the date which is five years after the Issuance Date.

1. EXERCISE OF WARRANT.

(a) *Mechanics of Exercise.* Subject to the terms and conditions hereof, the rights represented by this Warrant may be exercised in whole or in part at any time or times during the Exercise Period by delivery of a written notice, in the form attached hereto as Exhibit B (the "Exercise Notice"), of the Holder's election to exercise this Warrant. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. On or before the second Trading Day (the "Warrant Share Delivery Date") following the date on which the Holder sent the Exercise Notice to the Company or the Company's transfer agent, and upon receipt by the Company of payment to the Company of an amount equal to the applicable Exercise Price multiplied by the number of Warrant Shares as to which all or a portion of this Warrant is being exercised (the "Aggregate Exercise Price" and together with the Exercise Notice, the "Exercise Delivery Documents") in cash or by wire transfer of immediately available funds (or by cashless exercise, in which case there shall be no Aggregate Exercise Price provided), the Company shall (or direct its transfer agent to) issue and dispatch by overnight courier to the address as specified in the Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise (or deliver such shares of Common Stock in electronic format if requested by the Holder). Upon delivery of the Exercise Delivery Documents, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares. If this Warrant is submitted in connection with any exercise and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 6) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised.

If the Company fails to cause its transfer agent to transmit to the Holder the respective shares of Common Stock by the respective Warrant Share Delivery Date, then the Holder shall have, in addition to all other rights and remedies at law or otherwise, the right to rescind such exercise in Holder's sole discretion, and such failure shall be deemed an event of default under the Note.

If the Market Price of one share of Common Stock is greater than the Exercise Price, the Holder may elect to receive Warrant Shares pursuant to a cashless exercise, in lieu of a cash exercise, equal to the value of this Warrant determined in the manner described below (or of any portion thereof remaining unexercised) by surrender of this Warrant and a Notice of Exercise, in which event the Company shall issue to Holder a number of Common Stock computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of Shares to be issued to Holder.

Y = the number of Warrant Shares that the Holder elects to purchase under this Warrant (at the date of such calculation).

A = the Market Price (at the date of such calculation).

B = Exercise Price (as adjusted to the date of such calculation).

(b) *No Fractional Shares.* No fractional shares shall be issued upon the exercise of this Warrant as a consequence of any adjustment pursuant hereto. All Warrant Shares (including fractions) issuable upon exercise of this Warrant may be aggregated for purposes of determining whether the exercise would result in the issuance of any fractional share. If, after aggregation, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay the Holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then-current fair market value of a Warrant Share by such fraction.

(c) *Holder's Exercise Limitations.* Notwithstanding anything to the contrary contained herein, the Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 1 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's affiliates (the "Affiliates"), and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 1(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Holder is solely responsible for any schedules required to be filed in accordance therewith. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 1(c), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding at the time of the respective calculation hereunder. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

2. ADJUSTMENTS. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) *Distribution of Assets*. If the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including without limitation any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement or other similar transaction) (a “Distribution”), at any time after the issuance of this Warrant, then, in each such case:

(i) any Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of shares of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction (i) the numerator of which shall be the Closing Sale Price of the shares of Common Stock on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company’s Board of Directors) applicable to one share of Common Stock, and (ii) the denominator of which shall be the Closing Sale Price of the shares of Common Stock on the Trading Day immediately preceding such record date; and

(ii) the number of Warrant Shares shall be increased to a number of shares equal to the number of shares of Common Stock obtainable immediately prior to the close of business on the record date fixed for the determination of holders of shares of Common Stock entitled to receive the Distribution multiplied by the reciprocal of the fraction set forth in the immediately preceding clause (i); provided, however, that in the event that the Distribution is of shares of common stock of a company (other than the Company) whose common stock is traded on a national securities exchange or a national automated quotation system (“Other Shares of Common Stock”), then the Holder may elect to receive a warrant to purchase Other Shares of Common Stock in lieu of an increase in the number of Warrant Shares, the terms of which shall be identical to those of this Warrant, except that such warrant shall be exercisable into the number of shares of Other Shares of Common Stock that would have been payable to the Holder pursuant to the Distribution had the Holder exercised this Warrant immediately prior to such record date and with an aggregate exercise price equal to the product of the amount by which the exercise price of this Warrant was decreased with respect to the Distribution pursuant to the terms of the immediately preceding clause (i) and the number of Warrant Shares calculated in accordance with the first part of this clause (ii).

(b) *Anti-Dilution Adjustments to Exercise Price*. If the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to the price at which Common Stock is issuable under the Note), at an effective price per share less than the then Exercise Price (such lower price, the “Base Share Price” and such issuances collectively, a “Dilutive Issuance”) (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, elimination of an applicable floor price for any reason in the future (including but not limited to the passage of time or satisfaction of certain condition(s)), reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled or potentially entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price at any time while such Common Stock or Common Stock Equivalents are in existence, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance (regardless of whether the Common Stock or Common Stock Equivalents are (i) subsequently redeemed or retired by the Company after the date of the Dilutive Issuance or (ii) actually converted or exercised at such Base Share Price), then the Exercise Price shall be reduced at the option of the Holder and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued, regardless of whether the Common Stock or Common Stock Equivalents are (i) subsequently redeemed or retired by the Company after the date of the Dilutive Issuance or (ii) actually converted or exercised at such Base Share Price by the holder thereof (for the avoidance of doubt, the Holder may utilize the Base Share Price even if the Company did not actually issue shares of its common stock at the Base Share Price under the respective Common stock Equivalents). The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 2(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the “Dilutive Issuance Notice”). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 2(b), upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

Subdivision or Combination of Common Stock. If the Company at any time on or after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Issuance Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(c) shall become effective at the close of business on the date the subdivision or combination becomes effective. Each such adjustment of the Exercise Price shall be calculated to the nearest one-hundredth of a cent. Such adjustment shall be made successively whenever any event covered by this Section 2(c) shall occur.

3. **FUNDAMENTAL TRANSACTIONS.** If, at any time while this Warrant is outstanding, (i) the Company effects any merger of the Company with or into another entity and the Company is not the surviving entity (such surviving entity, the “Successor Entity”), (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or by another individual or entity, and approved by the Company) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares of Common Stock for other securities, cash or property and the holders of at least 50% of the Common Stock accept such offer, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock) (in any such case, a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive the number of shares of Common Stock of the Successor Entity or of the Company and any additional consideration (the “Alternate Consideration”) receivable upon or as a result of such reorganization, reclassification, merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event (disregarding any limitation on exercise contained herein solely for the purpose of such determination). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any Successor Entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder’s right to exercise such warrant into Alternate Consideration.

4. **NON-CIRCUMVENTION.** The Company covenants and agrees that it will not, by amendment of its certificate of incorporation, bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, for so long as this Warrant is outstanding, have authorized and reserved, free from preemptive rights, one and a half (1.5) times the number of shares of Common Stock into which the Warrants are then exercisable into to provide for the exercise of the rights represented by this Warrant (without regard to any limitations on exercise).

5. **WARRANT HOLDER NOT DEEMED A STOCKHOLDER.** Except as otherwise specifically provided herein, this Warrant, in and of itself, shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

6. REISSUANCE.

(a) *Lost, Stolen or Mutilated Warrant.* If this Warrant is lost, stolen, mutilated or destroyed, the Company will, on such terms as to indemnity or otherwise as it may reasonably impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

(b) *Issuance of New Warrants.* Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant shall be of like tenor with this Warrant, and shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date.

7. TRANSFER. This Warrant shall be binding upon the Company and its successors and assigns and shall inure to be the benefit of the Holder and its successors and assigns. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior signed written consent of the Holder, which consent may be withheld at the sole discretion of the Holder (any such assignment or transfer shall be null and void if the Company does not obtain the prior signed written consent of the Holder). This Warrant or any of the severable rights and obligations inuring to the benefit of or to be performed by Holder hereunder may be assigned by Holder to a third party, in whole or in part, without the need to obtain the Company's consent thereto.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the notice provisions contained in the Purchase Agreement. The Company shall provide the Holder with prompt written notice (i) immediately upon any adjustment of the Exercise Price, setting forth in reasonable detail, the calculation of such adjustment and (ii) at least 20 days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any stock or other securities directly or indirectly convertible into or exercisable or exchangeable for shares of Common Stock or other property, pro rata to the holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

9. AMENDMENT AND WAIVER. The terms of this Warrant may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holder.

10. GOVERNING LAW AND VENUE. This Warrant shall be governed by and construed in accordance with the laws of the State of Nevada without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Warrant shall be brought only in the state courts located in the Commonwealth of Massachusetts or federal courts located in Commonwealth of Massachusetts. The parties to this Warrant hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR UNDER ANY OTHER TRANSACTION DOCUMENT ENTERED INTO IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.** The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Warrant or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

11. PIGGYBACK REGISTRATION RIGHTS. The Company hereby grants to the Buyer the registration rights set forth on Exhibit D hereto.

12. ACCEPTANCE. Receipt of this Warrant by the Holder shall constitute acceptance of and agreement to all of the terms and conditions contained herein.

13. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "Nasdaq" means www.Nasdaq.com.

(b) "Closing Sale Price" means, for any security as of any date, (i) the last closing trade price for such security on the Principal Market, as reported by Nasdaq, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00 p.m., New York time, as reported by Nasdaq, or (ii) if the foregoing does not apply, the last trade price of such security in the over-the-counter market for such security as reported by Nasdaq, or (iii) if no last trade price is reported for such security by Nasdaq, the average of the bid and ask prices of any market makers for such security as reported by the OTC Markets. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. All such determinations to be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

(c) "Common Stock" means the Company's common stock, and any other class of securities into which such securities may hereafter be reclassified or changed.

(d) "Common Stock Equivalents" means any securities of the Company that would entitle the holder thereof to acquire at any time Common Stock, including without limitation any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

(e) [Intentionally Omitted].

(f) "Person" and "Persons" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any governmental entity or any department or agency thereof.

(g) "Principal Market" means the primary national securities exchange on which the Common Stock is then traded.

(h) "Market Price" means the highest traded price of the Common Stock during the one hundred fifty Trading Days prior to the date of the respective Exercise Notice.

(i) "Trading Day" means (i) any day on which the Common Stock is listed or quoted and traded on its Principal Market, (ii) if the Common Stock is not then listed or quoted and traded on any national securities exchange, then a day on which trading occurs on any over-the-counter markets, or (iii) if trading does not occur on the over-the-counter markets, any Business Day.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed as of the Issuance Date set forth above.

NightFood Holdings, Inc.

By: /s/ Sean Folkson
Name: Sean Folkson
Title: CEO

EXHIBIT B

NOTICE OF EXERCISE

(To be executed by the registered holder to exercise this Common Stock Purchase Warrant)

THE UNDERSIGNED holder hereby exercises the right to purchase of the shares of Common Stock (“Warrant Shares”) of NightFood Holdings, Inc., a Nevada corporation (the “Company”), evidenced by the attached copy of the Common Stock Purchase Warrant (the “Warrant”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as (check one):

- a cash exercise with respect to Warrant Shares; or
- by cashless exercise pursuant to the Warrant.

2. Payment of Exercise Price. If cash exercise is selected above, the holder shall pay the applicable Aggregate Exercise Price in the sum of \$ _____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

Date: _____

(Print Name of Registered Holder)

By: _____
Name: _____
Title: _____

EXHIBIT C

ASSIGNMENT OF WARRANT

(To be signed only upon authorized transfer of the Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto the right to purchase _____ shares of common stock of NightFood Holdings, Inc., to which the within Common Stock Purchase Warrant relates and appoints _____, as attorney-in-fact, to transfer said right on the books of NightFood Holdings, Inc. with full power of substitution and re-substitution in the premises. By accepting such transfer, the transferee has agreed to be bound in all respects by the terms and conditions of the within Warrant.

Dated: _____

(Signature)

(Name)

(Address)

(Social Security or Tax Identification No.)

* The signature on this Assignment of Warrant must correspond to the name as written upon the face of the Common Stock Purchase Warrant in every particular without alteration or enlargement or any change whatsoever. When signing on behalf of a corporation, partnership, trust, or other entity, please indicate your position(s) and title(s) with such entity.

EXHIBIT D

REGISTRATION RIGHTS

All of the shares into which the Warrant is exercisable into will be deemed “Registrable Securities” subject to the provisions of this Exhibit C.

1. Piggy-Back Registration.

1.1 Piggy-Back Rights. If at any time on or after the date of the Closing the Company proposes to file any Registration Statement under the 1933 Act (a “Registration Statement”) with respect to any offering of equity securities, or securities or other obligations exercisable or exchangeable for, or convertible into, equity securities, by the Company for its own account or for shareholders of the Company for their account (or by the Company and by shareholders of the Company), other than a Registration Statement (i) filed in connection with any employee stock option or other benefit plan on Form S-8, (ii) for a dividend reinvestment plan or (iii) in connection with a merger or acquisition, then the Company shall (x) give written notice of such proposed filing to the holders of Registrable Securities appearing on the books and records of the Company as such a holder as soon as practicable but in no event less than ten (10) days before the anticipated filing date of the Registration Statement, which notice shall describe the amount and type of securities to be included in such Registration Statement, the intended method(s) of distribution, and the name of the proposed managing underwriter or underwriters, if any, of the offering, and (y) offer to the holders of Registrable Securities in such notice the opportunity to register the sale of such number of Registrable Securities as such holders may request in writing within three (3) days following receipt of such notice (a “Piggy-Back Registration”). The Company shall cause such Registrable Securities to be included in such registration and shall cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration on the same terms and conditions as any similar securities of the Company and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method(s) of distribution thereof. All holders of Registrable Securities proposing to distribute their securities through a Piggy- Back Registration that involves an underwriter or underwriters shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such Piggy-Back Registration.

1.2 Withdrawal. Any holder of Registrable Securities may elect to withdraw such holder’s request for inclusion of Registrable Securities in any Piggy-Back Registration by giving written notice to the Company of such request to withdraw prior to the effectiveness of the Registration Statement. The Company (whether on its own determination or as the result of a withdrawal by persons making a demand pursuant to written contractual obligations) may withdraw a Registration Statement at any time prior to the effectiveness of such Registration Statement. Notwithstanding any such withdrawal, the Company shall pay all expenses incurred by the holders of Registrable Securities in connection with such Piggy-Back Registration as provided in Section 1.5 below.

1.3 The Company shall notify the holders of Registrable Securities at any time when a prospectus relating to such holder’s Registrable Securities is required to be delivered under the 1933 Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. At the request of such holder, the Company shall also prepare, file and furnish to such holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of the Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. The holders of Registrable Securities shall not to offer or sell any Registrable Securities covered by the Registration Statement after receipt of such notification until the receipt of such supplement or amendment.

1.4 The Company may request a holder of Registrable Securities to furnish the Company such information with respect to such holder and such holder's proposed distribution of the Registrable Securities pursuant to the Registration Statement as the Company may from time to time reasonably request in writing or as shall be required by law or by the SEC in connection therewith, and such holders shall furnish the Company with such information.

1.5 All fees and expenses incident to the performance of or compliance with this Exhibit D by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the SEC, (B) with respect to filings required to be made with any trading market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (D) with respect to any filing that may be required to be made by any broker through which a holder of Registrable Securities intends to make sales of Registrable Securities with the FINRA, (ii) printing expenses, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) 1933 Act liability insurance, if the Company so desires such insurance, (vi) fees and expenses of all other persons or entities retained by the Company in connection with the consummation of the transactions contemplated by this Exhibit D and (vii) reasonable fees and disbursements of a single special counsel for the holders of Registrable Securities (selected by holders of the majority of the Registrable Securities requesting such registration). In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any holder of Registrable Securities.

1.6 The Company and its successors and assigns shall indemnify and hold harmless the Buyer, each holder of Registrable Securities, the officers, directors, members, partners, agents and employees (and any other individuals or entities with a functionally equivalent role of a person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each individual or entity who controls the Buyer or any such holder of Registrable Securities (within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other individuals or entities with a functionally equivalent role of a person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling individual or entity (each, an "Indemnified Party"), to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any related prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any such prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Exhibit D, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based upon information regarding the Buyer or such holder of Registrable Securities furnished to the Company by such party for use therein. The Company shall notify the Buyer and each holder of Registrable Securities promptly of the institution, threat or assertion of any proceeding arising from or in connection with the transactions contemplated by this Exhibit D of which the Company is aware.

1.7 If the indemnification under Section 1.6 is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then the Company shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Company and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the Company and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, the Company or the Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include any reasonable attorneys' or other fees or expenses incurred by such party in connection with any proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in Section 1.6 was available to such party in accordance with its terms. It is agreed that it would not be just and equitable if contribution pursuant to this Section 1.7 were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding sentence. Notwithstanding the provisions of this Section 1.7, neither the Buyer nor any holder of Registrable Securities shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such party from the sale of all of their Registrable Securities pursuant to such Registration Statement or related prospectus exceeds the amount of any damages that such party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

[End of Exhibit D]

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lei Sonny Wang, certify that:

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

April 1, 2024

By: /s/ Lei Sonny Wang
Lei Sonny Wang
Chief Executive Officer
(Principal Executive, Financial and Accounting Officer)

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

In connection with the accompanying Quarterly Report on Form 10-Q of NightFood Holdings, Inc. for the quarter ended December 31, 2023, I, Lei Sonny Wang, Chief Executive Officer of NightFood Holdings, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2023 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023, fairly presents, in all material respects, the financial condition and results of operations of NightFood Holdings, Inc.

April 1, 2024

By: /s/ Lei Sonny Wang
Lei Sonny Wang
Chief Executive Officer
(Principal Executive, Financial and Accounting Officer)