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

FORM 10-Q

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

For the quarterly period ended **September 30, 2024**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number: **000-12641**

DALRADA FINANCIAL CORPORATION

(Name of Small Business Issuer in its charter)

Wyoming	**38-3713274**
(state or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID. No.)

600 La Terraza Blvd., Escondido, California 92025
(Address of principal executive offices)

858-283-1253
Issuer's telephone number

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.005 par value per share	DFCO	None

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

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

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

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

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

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

As of June 23, 2025, the registrant's outstanding stock consisted of 120,157,113 common shares.

DALRADA FINANCIAL CORPORATION.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

DALRADA FINANCIAL CORPORATION
Condensed Consolidated Balance Sheets (unaudited)

	September 30, 2024	June 30, 2024
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 365,804	$ 501,927
Accounts receivable, net	1,309,303	2,864,172
Accounts receivable, net - related parties	1,358,905	1,236,484
Other receivables	287,753	680,598
Inventories	2,934,927	2,647,652
Prepaid expenses and other current assets	725,109	674,818
Total current assets	6,981,801	8,605,651
Noncurrent receivables	20,599	20,742
Noncurrent receivables - related parties	1,126,807	1,136,508
Property and equipment, net	1,641,507	1,452,282
Goodwill	4,212,328	4,175,758
Intangible assets, net	3,536,635	3,547,266
Right-of-use assets, operating leases	3,368,380	2,437,034
Right-of-use assets, operating leases - related party	1,552,974	1,689,806
Total assets	$ 22,441,031	$ 23,065,047
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 5,132,616	$ 5,870,168
Accrued liabilities	1,117,396	1,023,286
Accounts payable and accrued liabilities – related parties	3,134,681	136,976
Deferred revenue	1,469,066	1,569,149
Notes payable, current portion	4,468,760	5,710,718
Notes payable, current portion – related parties	–	–
Operating lease liabilities, current portion	1,914,700	832,142
Operating lease liabilities, current portion - related party	554,722	548,518
Total current liabilities	17,791,941	15,690,957
Noncurrent payables	–	–
Notes payable, net of current portion	3,673,761	1,038,567
Notes payable, net of current portion – related parties	613,610	53,957
Contingent consideration	258,632	47,343
Lease liability, net of current portion	1,515,602	1,694,804
Lease liability, net of current portion - related party	1,050,276	1,193,312
Total liabilities	24,903,822	19,718,940
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 100,000 shares authorized:		
Series I preferred stock, $0.01 par value, 51,059 and 35,108 shares authorized, issued and outstanding as of September 30, 2024 and June 30, 2024, respectively	602	351
Series H preferred stock, $0.01 par value, 15,002 shares authorized, issued and outstanding as of September 30, 2024 and June 30, 2024, respectively	150	150
Series G preferred stock, $0.01 par value, 10,002 shares authorized, issued and outstanding as of both September 30, 2024 and June 30, 2024, respectively	100	100
Series F preferred stock, $0.01 par value, 5,000 shares authorized, issued and outstanding as of both September 30, 2024 and June 30, 2024, respectively	50	50
Common stock, $0.005 par value, 500,000,000 shares authorized, 97,175,443 and 88,699,139 shares issued and outstanding at September 30, 2024 and June 30, 2024, respectively	485,877	485,877
Common stock to be issued	–	–
Preferred stock to be issued	–	21,839,776
Additional paid-in capital	174,641,018	151,791,802
Accumulated deficit	(177,488,065)	(170,677,066)
Accumulated other comprehensive loss	(20,584)	(909)
Total Dalrada Financial Corp's stockholders' equity	(2,380,852)	3,440,131
Noncontrolling interests	(81,939)	(94,024)
Total stockholders' equity	(2,462,791)	3,346,107
Total liabilities and stockholders' equity	$ 22,441,031	$ 23,065,047

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

DALRADA FINANCIAL CORPORATION
Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)

	Three Months Ended September 30,	
	2024	2023
Revenues	$ 5,811,707	$ 4,121,626
Revenues - related party	218,948	896,454
Total revenues	6,030,655	5,018,080
Cost of revenues	4,867,488	4,047,222
Gross profit	1,163,167	970,858
Operating expenses:		
Selling, general and administrative	6,885,241	6,042,654
Total operating expenses	6,885,241	6,042,654
Loss from operations	(5,722,074)	(5,071,796)
Other (expense) income:		
Interest expense	(1,065,814)	(113,193)
Interest income	18,123	19,243
Other (expense) income	(35,034)	334,380
(Loss) gain on foreign exchange	5,885	(6,770)
Total other (expense) income, net	(1,076,840)	233,660
Loss before taxes	(6,798,914)	(4,838,136)
Income taxes	–	–
Net loss	(6,798,914)	(4,838,136)
Other comprehensive loss		
Gain (loss) on foreign currency translation adjustments	(19,675)	85,208
Comprehensive loss	$ (6,818,589)	$ (4,752,928)
Net loss attributable to noncontrolling interests	12,085	(21,894)
Net loss attributable to Dalrada Financial Corporation stockholders	$ (6,810,999)	$ (4,816,242)
Net loss per common share to Dalrada Financial Corporation - basic	$ (0.07)	$ (0.05)
Net loss per common share to Dalrada Financial Corporation - diluted	$ (0.07)	$ (0.05)
Weighted average common shares outstanding — basic	92,135,080	89,120,328
Weighted average common shares outstanding — diluted	92,135,080	89,120,328

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

DALRADA FINANCIAL CORPORATION
Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit) (unaudited)

	Preferred Stock									
	Series I		Series H		Series G		Series F		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance at June 30, 2023	35,108	351	15,022	150	10,002	100	5,000	50	88,699,139	443,478
Common stock issued pursuant to acquisitions	–	–	–	–	–	–	–	–	234,637	1,173
Common stock issued pursuant to debt agreement	–	–	–	–	–	–	–	–	500,000	2,500
Warrants issued pursuant to acquisitions	–	–	–	–	–	–	–	–	–	–
Stock-based compensation	–	–	–	–	–	–	–	–	–	–
Net loss	–	–	–	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	–	–	–	–	–
Balance at September 30, 2023	35,108	351	15,022	150	10,002	100	5,000	50	89,433,776	447,151
Balance at June 30, 2024	35,108	351	15,022	150	10,002	100	5,000	50	97,175,443	485,877
Common stock issued pursuant to acquisitions	4,440	44	–	–	–	–	–	–	–	–
Conversion of related party notes into preferred stock	20,651	207	–	–	–	–	–	–	–	–
Warrants issued pursuant to acquisitions	–	–	–	–	–	–	–	–	–	–
Stock-based compensation	–	–	–	–	–	–	–	–	–	–
Net loss	–	–	–	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	–	–	–	–	–
Balance at September 30, 2024	60,199	$ 602	15,022	$ 150	10,002	$ 100	5,000	$ 50	97,175,443	$ 485,877

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

(continued)

DALRADA FINANCIAL CORPORATION
Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit) (unaudited)
(continued)

	Common Stock to be Issued	Preferred Stock to be Issued	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Dalrada Financial Corporation Stockholders' Deficit	Non-controlling Interests	Total Stockholders' Equity (Deficit)
Balance at June 30, 2023	192,925	–	145,251,822	(141,729,009)	(50,848)	4,109,019	143,817	4,252,836
Common stock issued pursuant to acquisitions	(37,500)	–	36,596	–	–	269	–	269
Common stock issued pursuant to debt agreement	–	–	57,500	–	–	60,000	–	60,000
Warrants issued pursuant to acquisitions	–	–	5,478	–	–	5,478	–	5,478
Stock-based compensation	–	–	1,109,642	–	–	1,109,642		1,109,642
Net loss	–	–	–	(4,816,242)	–	(4,816,242)	(21,894)	(4,838,136)
Foreign currency translation	–	–	–	–	85,208	85,208	–	85,208
Balance at September 30, 2023	155,425	–	146,461,038	(146,545,251)	34,360	553,374	121,923	675,297
Balance at June 30, 2024	–	21,839,776	151,791,802	(170,677,066)	(909)	3,440,131	(94,024)	3,346,107
Common stock issued pursuant to acquisitions	–	(4,596,334)	4,596,290	–	–	–	–	–
Conversion of related party notes into preferred stock	–	(17,243,442)	17,243,235	–	–	–	–	–
Warrants issued pursuant to acquisitions	–	–	5,748	–	–	5,748	–	5,748
Stock-based compensation	–	–	1,003,943	–	–	1,003,943	–	1,003,943
Net loss	–	–	–	(6,810,999)	–	(6,810,999)	12,085	(6,798,914)
Foreign currency translation	–	–	–	–	(19,675)	(19,675)	–	(19,675)
Balance at September 30, 2024	$ –	$ –	$ 174,641,018	$ (177,488,065)	$ (20,584)	$ (2,380,852)	$ (81,939)	$ (2,462,791)

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

DALRADA FINANCIAL CORPORATION
Condensed Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (6,798,914)	$ (4,838,136)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	410,968	178,958
Stock compensation	1,003,943	1,109,642
Stock consideration issued to vendor	–	60,000
Change in fair value of contingent consideration	–	(323,805)
Provision for credit losses	–	4,000
Changes in operating assets and liabilities, net of amounts acquired or assumed in connection with acquisition:		
Accounts receivable	1,432,448	(672,410)
Other receivables	392,845	(381,632)
Inventories	(287,275)	(186,020)
Prepaid expenses and other current assets	(78,281)	391,870
Noncurrent receivables	9,844	30,966
Accounts payable	(737,552)	414,899
Noncurrent payables	–	(14,995)
Accounts payable and accrued liabilities - related parties	2,997,705	3,053,344
Accrued liabilities	99,858	(51,453)
Contingent consideration	211,289	–
Deferred revenue	(100,083)	(532,075)
Net cash used in operating activities	(1,443,205)	(1,756,847)
Cash flows from investing activities:		
Purchase of property and equipment	(440,862)	(98,467)
Purchase of intangibles	(148,700)	–
Acquisition of business, net of cash	(36,570)	–
Net cash used in investing activities	(626,132)	(98,467)
Cash flows from financing activities:		
Proceeds from related party notes payable	559,653	819,780
Repayments of related party notes payable	–	(428,924)
Net proceeds (repayments) from notes payable	1,393,236	902,097
Net cash provided by financing activities	1,952,889	1,292,953
Net change in cash and cash equivalents	(116,448)	(562,361)
Effect of exchange rate changes on cash	(19,675)	85,208
Cash and cash equivalents at beginning of period	501,927	812,806
Cash and cash equivalents at end of period	$ 365,804	$ 335,653
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ –	$ –
Cash paid for interest	$ –	$ 21,696
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of related party notes and interest into preferred stock	$ 17,243,235	$ –
Conversion of accounts payable-related parties to note payable-related parties	$ –	$ 822,740
Preferred stock issued pursuant to business combination	$ 4,596,290	$ –
Conversion of convertible note payable, accrued interest and premium into common stock	$ –	$ –
Warrants issued pursuant to acquisitions	$ 5,748	$ –
Net assets acquired upon acquisition	$ –	
(Decrease) Increase in right-of-use asset and liability	$ 27,990	$ (18,486)

(The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements)

1. Organization and Nature of Operations

Unless otherwise stated or the context requires otherwise, references herein to the "Company," "Dalrada," "we," "us," and "our" mean Dalrada Financial Corporation and its direct and indirect subsidiaries, and controlled and managed entities.

Dalrada has five primary business divisions: **Genefic**, **Dalrada Climate Technology**, **Dalrada Precision Manufacturing**, **Dalrada Technologies** and **Dalrada Corporate**. Within each of these divisions, the Company drives transformative innovation while creating solutions that are sustainable, accessible, and affordable. Dalrada's global solutions directly address climate change, gaps in the health care industry, and technology needs that facilitate a new era of human behavior and interaction and ensure a bright future for the world around us.

Genefic

Genefic delivers advanced health care solutions with dedicated products, services, and systems. From virus and disease screening capabilities to pharmaceutical goods and holistic wellness clinics, When the world needs advanced health care, Genefic delivers with ingenuity, accessibility, and affordability. This specialized division is committed to developing key health products, lifesaving medications and building comprehensive systems to increase capability, strive to keep people healthy with the goals of improving their quality of life and increasing their longevity– on a global level.

Genefic Specialty Pharmacy ("Genefic Pharmacy")- Genefic Pharmacy (formerly Genefic Specialty Pharmacy Rx Solutions) is an Alabama-based pharmacy with more than 30 years of experience in the retail medical and pharmaceutical industries. Genefic Pharmacy specializes in providing expert care and managing disease states through comprehensive prescription management, education, nursing, and total health solutions. Genefic Pharmacy maintains pharmacy licenses in all 50 States as well as Washington D.C.

Genefic Infusion Rx- Genefic Infusion Rx is a Louisiana-based infusion pharmacy which handles all aspects of fluid and medication infusion, via intravenous or subcutaneous application. Genefic Infusion Rx serves as an essential with healthcare systems, enhancing the infusion process through efficient authorization and prescription management. Its state-of-the-art compounding facility is led by one of only eight pharmacists in Louisiana with a sterile compounding board certification, ensuring top-tier precision and quality in medication preparation.

Boost Diagnostics- Boost Diagnostics (formerly Empower Genomics and Genefic Diagnostics) is Dalrada's wholly owned diagnostic laboratory subsidiary which processes molecular diagnostic and antibody tests to support the diagnosis of COVID-19 and the detection of immune response to the virus. Boost Diagnostics has built up and maintained the testing capacity to handle surges in COVID-19 testing demands. Boost Diagnostics also offers genetic testing capabilities including Pharmacogenomics, Nutraceutical, Nutrition/Diet DNA and Exercise/Fitness DNA tests.

Pala Diagnostics ("Pala")- Pala was a joint venture diagnostic laboratory entity which processed both molecular diagnostic and antibody tests to support the diagnosis of COVID-19 and the detection of immune response to the virus. Pala was no longer an operational entity as of June 30, 2023.

Dalrada Career Institute ("DCI") (aka International Health Group ("IHG")) - IHG provides highly trained nursing and medical assistants for hospitals and home health facilities since 2006. IHG Medical Assistant programs include Certified Nursing Assistant ("CNA") and Home Health Aide ("HHA") training and the fast-track 22-Day CNA Certification Program at its state-approved testing facility. DCI started its first RN, nursing class in February of 2024 and this first class will be completed in December 2024. It is the intent of DCI to double their class size when they begin their second class in 2025.

Dalrada Climate Technology (formerly Dalrada Energy Services)

Dalrada Climate Technology ("DCT") is a segment which incapsulates energy services and state-of-the-art technology within the climate sustainability space. DCT employs next-generation technology and services which enhances clean energy efforts while reducing the world's carbon footprint. As a premier industrial heat pump manufacturer, Dalrada delivers innovation and efficiency, building solutions that reduce energy consumption and minimize carbon footprints, increase operational efficiencies, meet environmental, social, and governance (ESG) goals, and lower energy costs for clients.

Dalrada Technology Limited ("DTL")- DTL is a holding company for all United Kingdom and European based Dalrada Climate Technology entities.

Likido Ltd. ("Likido")- Likido is an international engineering company developing advanced solutions for the harvesting and recycling of energy. Using its novel, heat pump systems (patent pending), Likido is working to revolutionize the renewable energy sector with the provision of innovative modular process technologies to maximize the capture and reuse of thermal energy for integrated heating and cooling applications. With uses across industrial, commercial and residential sectors, Likido provides cost savings and minimized carbon emissions across global supply chains. Likido's technologies enable the effective recovery and recycling of process energy, mitigating against climate change and expected enhancement of quality of life through the provision of low-carbon heating and cooling systems. Likido's products currently include the DCT One Heat Pumps (formerly Likido®ONE) and DCT Cryo Chiller. Likido also offers heat pump solutions specifically designed for residential purposes.

During the prior year, the U.S. Government selected DCT One Series high-performance, low-carbon heat pump for real-world testing in a prestigious clean energy program. The implementation of the DCT One Series testing is still in process. The expected positive results should not only increase market acceleration and adoption within the federal government acceptance of groundbreaking eco-friendly technology but should also accelerate adoption within the commercial building industry.

Dalrada Technology Spain L.T. ("DTS")- DTS was established as a Spanish subsidiary of DTL for the expansion of the manufacturing and sale of the DCT One Series and DCT Cryo Chiller throughout Europe.

Dalrada Energy Services ("DES")- DES provides end-to-end comprehensive energy service solutions in a robust commercial capacity. DES helps organizations meet ESG goals and standards while mitigating negative environmental impacts.

Bothof Brothers Construction ("Bothof")- Bothof is a licensed general contractor which provides a wide range of development, construction and design capabilities and expertise throughout the United States. Through Bothof's extensive experience in construction and contracting, the DES division can provide a myriad of additional services to its private and public works customers.

Grand Entrances- Grand Entrances is a California based custom door and hardware retail store.

Dalrada Precision Manufacturing

Dalrada Precision Manufacturing creates total manufacturing solutions that start with the design and development of high-quality machine parts and components, and end with an efficient global supply chain. This specialized business division can meet today's high demands and solves industry challenges. Dalrada Precision Manufacturing is confident that it redefines the critical quality of the world's top components and responds with in-house research, design, engineering, and distribution through a highly reliable global supply chain and improved time-to-market capabilities.

Dalrada Precision Parts ("Precision") - Precision extends the client its engineering and operations team by helping devise unique manufacturing solutions tailored to their products. Dalrada Precision can enter at any stage of the product lifecycle from concept and design to mass production and logistics.

Deposition Technologies ("DepTec") - DepTec designs, develops, manufactures, and services chemical vapor and physical vapor deposition systems for the microchip and semiconductor industries.

DepTec has built an impressive catalogue of precision OEM parts for PVD (Physical vapor deposition) systems and the Company's refurbished systems which allows clients the option of purchasing the same model of system they've been using for decades –but with significant upgrades and improved efficiencies. Older systems can now operate more reliably with additional control and monitoring plus longer lifespans. DepTec also has its own PVD and CVD (Chemical Vapor Deposition) systems, EVOS-PVD and EVOS -CVD, which deposits metals and non-metals for microchips used in almost every standard and specialized microdevices made today and in the future. These systems can produce a superior film layer utilized in rugged high-stress environment designs.

Ignite I.T. ("Ignite") - Ignite is a manufacturer and seller of eco-friendly deep cleaners, parts washers and degreasers that are specially formulated to lift hydrocarbon-based dirt and grease from virtually all surfaces with minimal effort. Ignite products are non-flammable, non-corrosive, non-toxic, butyl-free, water-based, and leave a light citrus scent. Ignite is developed for all surfaces suitable for water and meets or exceed the most stringent industry-testing specifications.

Dalrada Technologies

Dalrada Technologies has worked with some of the world's most recognizable companies, providing digital engineering for cutting-edge software systems and offering a host of robust digital services. This business division connects the world with integrated technology and innovative solutions, delivering advanced capabilities and error-free results. Dalrada Technologies creates digital products with expert computer information technology and software engineering services for a variety of technical industries and clients in both B2B and B2C environments.

Prakat ("Prakat")- Prakat is an ISO 9001-certified company that provides end-to-end technology services across various industries, improving the value chain. The Company specializes in test engineering, accessibility engineering, product engineering, application modernization, billing and revenue management, CRM, and block chain. Prakat provides global customers with software and technology solutions specializing in Test Engineering, Accessibility Engineering, Product Engineering and Application Modernization.

Dalrada Corporate

Dalrada Corporate covers the activities which support the entire suite of Dalrada subsidiaries. Dalrada Corporate includes the areas of administration, finance, human resources, legal advice, information technology, and marketing. It also contains executive management and shareholder-related services.

Liquidity and Going Concern

These condensed consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of September 30, 2024, and June 30, 2024, the Company had negative working capital of $10,810,140 and $7,085,306, respectively. The Company incurred negative cash flows from operations for the three months ended September 30, 2024, and raises substantial doubt about the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon the successful financing through equity and/or debt investors and growing the subsidiaries anticipated to be profitable while reducing investments in areas that are not expected to have long-term benefits. The Company expects to obtain operational liquidity through collection of outstanding accounts receivable from medical insurance providers, Medicare, pharmaceutical sales, the sale of DCT commercial and residential heat pumps as well as ongoing projects through Bothof Brothers, Dalrada Technology Spain and Deposition Technologies.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information and in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"),. Accordingly, certain information and disclosures required by US GAAP for annual financial statements have been omitted. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. Unless otherwise indicated, balances are expressed in U.S. dollars. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended June 30, 2024 (the "2024 Annual Audited Financials"), included in the Company's Annual Report on Form 10-K filed with the SEC on June 6, 2025 (the "Form 10-K"). The results of operations as of and for the three months ended September 30, 2024 are not necessarily indicative of the results to be expected for the 2025 full year or any future periods. The accompanying consolidated balance sheet as of June 30, 2024 has been derived from the audited consolidated balance sheet as of June 30, 2024 contained in the 2024 Annual Audited Financials included in the Form 10-K.

(b) Principles of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries, as well as the accounts of any entities over which the Company has a controlling financial interest in accordance with Accounting Standards Codification ("ASC") 810 Consolidation. All transactions and balances between these entities have been eliminated upon consolidation.

Income attributable to the minority interest in the Company's majority owned and controlled consolidated subsidiaries is recorded as net income attributable to noncontrolling interests in the Consolidated Statements of Operations and Comprehensive Loss and the noncontrolling interest is reflected as a separate component of the statement of stockholders' equity, consolidated balance sheet, and statement of cash flows.

(c) Use of Estimates

The preparation of these unaudited interim condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the revenue, valuation of inventory, valuation of acquired assets and liabilities, variables used in the computation of share-based compensation, litigation, contingent consideration, and evaluation of goodwill and intangible assets for impairment.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions, and the Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, accounts receivable, and cash equivalents. The Company generally maintains balances in various operating accounts at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

When estimating its allowance for credit losses related to revenues from Covid Testing, the Company differentiates its receivables based on the following customer types: healthcare insurers, government payers, and cash payers. Additionally, the Company applies assumptions and judgments for assessing collectability and determining net revenues and accounts receivable from its customers. Management considers various historical collection factors for assessing collectability and determining net revenues and accounts receivable from our customers which include the period that the receivables have been outstanding, history of payment amounts, status of collections due, and applicable statutes of limitations.

During the three months ended September 30, 2024 and September 30, 2023, healthcare insurers and government payers accounted for over 67% and 24% of total revenues, respectively. Also, healthcare insurers and government payers amounted to total revenues of $4,038,371 and $1,218,109 for the quarter ended September 30, 2024 and September 30, 2023, respectively. The accounts receivable related to both healthcare insurers and government payers is $555,357 and $2,721,810 as of September 30, 2024 and June 30, 2024, respectively.

As of September 30, 2024 and June 30, 2024, $0 and $592,357 is owed by customers from the sale of Likido units, respectively.

(f) Fair Value Measurements

Pursuant to ASC 820, *Fair Value Measurements and Disclosures*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 - applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts receivable, accounts payable and accrued liabilities, notes payable, and amounts due to related parties. Pursuant to ASC 820, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their short-term nature and respective maturity dates or durations.

The Company records a contingent consideration liability relating to stock price guarantees included in its acquisition and consulting agreements. The estimated fair value of the contingent consideration is recorded using a significant unobservable measure and is therefore classified as a Level 3 financial instrument.

The fair value of the contingent consideration obligations was based on a probability weighted approach derived from the estimates of earn-out criteria and the probability assessment with respect to the likelihood of achieving those criteria. The measurement was based on significant inputs that were not observable in the market, therefore, the Company classified this liability as Level 3 in the following tables:

	Fair Value Measurements as of September 30, 2024 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Contingent consideration	–	–	$ 258,632	$ 258,632
	$ –	$ –	$ 258,632	$ 258,632

	Fair Value Measurements as of June 30, 2024 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Contingent consideration	–	–	$ 47,343	$ 47,343
	$ –	$ –	$ 47,343	$ 47,343

The fair value of the contingent consideration liability related to the Company's business combinations is valued based on a forward contract and the guaranteed equity value at settlement as defined in the acquisition agreement (see "Note 4. Business Combinations and Asset Acquisition).

(g) Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC Topic 815, Derivatives and Hedging Activities ("ASC 815").

Applicable U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria includes circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when the Company has determined that the embedded conversion options should not be bifurcated from their host instruments) as follows. The Company records, when necessary, deemed dividends for the intrinsic value of conversion options embedded in shares based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the shares.

(h) Accounts Receivable

Accounts receivables are derived from products and services delivered to customers and are stated at their net realizable value. Each month, the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for expected credit losses is necessary based on any known or perceived collection issues. Any balances that are eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of September 30, 2024, and June 2024, the Company had an allowance for expected credit losses of $1,009,972 and $1,009,972, respectively.

Genefic Pharmacy and Genefic Infusion have a standardized approach to estimate the amount of consideration that we expect to be entitled to for its pharmaceutical revenue including the impact of contractual allowances (including payer denials), and patient price concessions. The Company principally estimates the allowance for credit losses by pool based on historical collection experience, the current credit worthiness of the customers, current economic conditions, expectations of future economic conditions and the period of time that the receivables have been outstanding. Adjustments to our estimated contractual allowances and implicit patient price concessions are recorded in the current period as changes in estimates.

(i) Inventory

Inventory is recorded at the lower of cost or net realizable value on a first-in first-out basis. As of the September 30, 2024, and June 30 2024, inventory is comprised of raw materials purchased from suppliers, and finished goods produced or purchased for resale. The Company establishes inventory reserves for estimated obsolete or unsaleable inventory equal to the difference between the cost of inventory and the estimated selling price in the ordinary course of business, less estimated costs to sell.

(j) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense is recognized using the straight-line method over the estimated useful life of each asset, as follows:

	Estimated Useful Life
Computer and office equipment	3 - 5 years
Machinery and equipment	5 years
Leasehold improvements	Shorter of lease term or useful life

Estimated useful lives are periodically assessed to determine if changes are appropriate. Maintenance and repairs are charged to expense as incurred. When assets are retired or otherwise disposed of, the cost of these assets and related accumulated depreciation or amortization are eliminated from the Consolidated Balance Sheet and any resulting gains or losses are included in the Consolidated Statement of Operations in the period of disposal.

(k) Business Combinations and Acquisitions

The Company accounts for acquisitions in which it obtains control of one or more businesses as a business combination. The purchase price of the acquired businesses is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recognized as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments, in the period in which they are determined, to the assets acquired and liabilities assumed with the corresponding offset to goodwill. If the assets acquired are not a business, the Company accounts for the transaction or other event as an asset acquisition. Under both methods, the Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. In addition, for transactions that are business combinations, the Company evaluates the existence of goodwill, indefinite life intangible assets, or a gain from a bargain purchase.

(l) Contingent Consideration

Certain acquisitions include contingent consideration as part of the purchase price. The fair value of the contingent consideration is estimated as of the acquisition date based on the present value of the contingent payments to be made using a weighted probability of possible payments. The unobservable inputs used in the determination of the fair value of the contingent consideration include managements assumptions about the likelihood of payment based on the established benchmarks and discount rates based on internal rate of return analysis. The fair value measurement includes inputs that are Level 3 measurement as discussed in Note 4 to our consolidated financial statements included in this quarterly report on Form 10-Q. Should actual results increase or decrease as compared to the assumption used in our analysis, the fair value of the contingent consideration obligations will increase or decrease, up to the contracted limit, as applicable. Changes in the fair value of the contingent earn-out consideration could cause a material impact and volatility in our operating results. As of September 30, 2024, and June 2024, the Company had a fair value of the contingent consideration $258,632 and $47,343, respectively.

(m) Impairment of Long-Lived Assets

The Company reviews its long-lived assets (property and equipment and amortizable intangible assets) for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

Goodwill is tested annually at June 30 for impairment and upon the occurrence of certain events or substantive changes in circumstances.

The annual goodwill impairment test allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. An entity may choose to perform the qualitative assessment on none, some or all of its reporting units or an entity may bypass the qualitative assessment for any reporting unit and proceed directly to step one of the quantitative impairment tests. If it is determined, on the basis of qualitative factors, that the fair value of a reporting unit is, more likely than not, less than its carrying value, the quantitative impairment test is required. The quantitative impairment test calculates any goodwill impairment as the difference between the carrying amount of a reporting unit and its fair value, but not to exceed the carrying amount of goodwill. During the quarter ended September 30, 2024, the Company performed a qualitative assessment of its reporting units to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. As a result of the qualitative impairment assessment performed, the Company did not recognize goodwill impairment.

An intangible asset is an identifiable non-monetary asset without physical substance. Such an asset is identifiable when it is separable, or when it arises from contractual or other legal rights. Separable assets can be sold, transferred, licensed, etc. Examples of intangible assets include computer software, licenses, trademarks, patents, films, and copyrights. The Company's intangible assets are finite lived assets and are amortized on a straight-line basis over the estimated useful lives of the assets.

(n) Revenue Recognition

The Company determines revenue recognition in accordance with ASU 2014-09, *Revenue from Contracts with Customers*, and its related amendments (collectively known as "ASC 606") through the following steps:

- Identification of a contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the performance obligations are satisfied.

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less.

The Company's revenue is derived from the sales of its products, which represents net sales recorded in the Company's Consolidated Statements of Operations. Product sales are recognized when performance obligations under the terms of the contract with the customer are satisfied. Typically, this would occur upon transfer of control, including passage of title to the customer and transfer of risk of loss related to those goods. The Company measures revenue as the amount of consideration to which it expects to be entitled in exchange for transferring goods (transaction price). The Company records reductions to revenue for estimated customer returns, allowances, markdowns, and discounts. The Company bases its estimates on historical rates of customer returns and allowances as well as the specific identification of outstanding returns, markdowns and allowances that have not yet been received by the Company. The actual amount of customer returns and allowances is inherently uncertain and may differ from the Company's estimates. If the Company determines that actual or expected returns or allowances are significantly higher or lower than the reserves it established, it will record a reduction or increase, as appropriate, to net sales in the period in which it makes such a determination. Reserves for returns and markdowns are included within accrued expenses and other liabilities in the Company's Consolidated Balance Sheets. Allowance and discounts are recorded in accounts receivable, net and the value of inventory associated with reserves for sales returns are included within prepaid expenses and other current assets in the Consolidated Balance Sheets.

The Company estimates warranty claims reserves based on historical results and research and determined that a warranty reserve was not necessary as of September 30, 2024, and 2023, respectively.

Net revenues from specialty pharmacy accounted for over 56% of the Company's total net revenues for the three months ended September 2024. Sales are recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring control of goods or services to the customer. The Company recognizes revenue, net of taxes and expected returns, at the time it sells merchandise, provides services or dispenses prescription drugs to the customer. The Company estimates revenue based on expected reimbursements from third-party payors (e.g., pharmacy benefit managers, insurance companies and governmental agencies) for dispensing prescription drugs. The estimates are based on all available information including historical experience and are updated to actual reimbursement amounts.

The Company recognizes revenue when control of the prescription drugs is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those prescription drugs. The Company has established the following revenue recognition policies for the Pharmacy Services segment:

Revenues generated from prescription drugs sold by mail service dispensing pharmacies are recognized when the prescription drug is delivered to the client plan member. At the time of delivery, the Company has performed substantially all of its performance obligations under its client contracts and does not experience a significant level of returns or reshipments.

The Company's retail drugstores recognize revenue at the time the customer takes possession of the merchandise. For pharmacy sales, each prescription claim is its own arrangement with the customer and is a performance obligation, separate and distinct from other prescription claims under other retail network arrangements. Revenues are adjusted for refunds owed to third party payers resulting from pricing guarantees and performance against defined value-based service and performance metrics. The inputs to these estimates are not subject to a high degree of subjectivity or volatility.

Boost, which provides clinical testing services and other services, satisfies its performance obligations and recognizes revenues primarily upon completion of the testing process (when results are reported) or when services have been rendered. Pala does not invoice the patients themselves for testing but relies on healthcare insurers and government payers for reimbursement for COVID-19 testing. Boost has a standardized approach to estimate the amount of consideration that we expect to be entitled to, including the impact of contractual allowances (including payer denials), and patient price concessions. We regularly assess the state of our billing operations in order to identify issues which may impact the collectability of receivables or revenue estimates. We believe that the collectability of our receivables is directly linked to the quality of our billing processes, most notably those related to obtaining the correct information in order to bill effectively for the services we provide. As such, we strive to implement "best practices" and work with our third-party billing company to reduce the number of requisitions that we receive from healthcare providers with missing or incorrect billing information. We believe that our collection and revenue estimation processes, along with our close monitoring of our billing operations, help to reduce the risk associated with material adjustments to reserve estimates. However, changes to our estimate of the impact of contractual allowances (including payer denials) and patient price concessions could have a material impact on our results of operations and financial condition in the period that the estimates are adjusted. Adjustments to our estimated contractual allowances and implicit patient price concessions are recorded in the current period as changes in estimates. Although we have limited track record, further adjustments to the allowances, based on actual receipts, may be recorded upon settlement.

DES recognizes revenue on energy savings contracts where it provides design, engineering and equipment upgrades to obtain energy savings through Environmental, Social, and Governance ("ESG") targets. DES recognizes revenue through two performance obligations: 1) the Energy Savings Report (point in time); and 2) functional IP license (point in time with a significant financing component and royalty and variable consideration constraint). Up to and upon completion of an energy savings project, DES calculates the monthly energy savings based on prior and current energy consumption totals. Upon completion of a project, the customer pays monthly fixed payments which represents a financing component. DES recognized monthly interest income and "royalty" revenue when the constraint from the energy savings percentage is known. DES records revenue as it provides additional management, consulting, and other services as they are incurred.

DepTec and Bothof recognize revenues using a cost-based input method, by which we use actual costs incurred relative to the total estimated contract costs to determine, as a percentage, progress toward contract completion. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

The Company also earns service revenue from its other subsidiaries, including information technology and consulting services via Prakat, educational programs, and courses via IHG, management services for Genefic Wellness Group, and custom parts manufacturing for Dalrada Precision Parts. For Prakat, Genefic Wellness Group, Grand Entrances and Dalrada Precision Parts, revenues are recognized when performance obligations have been satisfied and the services are complete. This is generally at a point of time upon written completion and client acceptance of the project or product, which represents transfer of control to the customer. For IHG, revenues are recognized over the course of a semester while services are performed.

Disaggregation of Revenue

The following table presents the Company's revenue disaggregated by revenue source:

	Three Months Ended September 30,	
	2024	2023
Product sales - third parties	$ 3,621,258	$ 3,047,711
Product sales - related party	140	140
Service revenue - third parties	2,190,309	1,073,915
Service revenue - related party	218,948	896,314
Total revenue	$ 6,030,655	$ 5,018,080

Accounts Receivable and Deferred Revenue

The following table provides information about receivables and contract liabilities from contracts with customers:

	September 30, 2024	June 30, 2024
Accounts receivable, net	$ 1,309,303	$ 2,864,172
Accounts receivable, net - related parties	1,358,905	1,236,484
Long-term receivables	20,599	20,742
Long-term receivables - related parties	1,126,807	1,136,508
Deferred revenue	1,469,066	1,569,149

The Company invoices customers based upon contractual billing schedules, and accounts receivable are recorded when the right to consideration becomes unconditional. Contract liabilities represent a set-up fee prepayment received from a customer in advance of performance obligations met.

(o) Cost of Revenue

Cost of revenue consists primarily of inventory sold for product sales and direct labor for information technology and consulting services. The following table is a breakdown of cost of revenue:

	Three Months Ended September 30,	
	2024	2023
Product sales	$ 3,335,732	$ 2,117,136
Service revenue	1,531,756	1,930,086
Total cost of revenue	$ 4,867,488	$ 4,047,222

(p) Advertising

Advertising costs are expensed as incurred. During the three months ended September 30, 2024 and 2023, advertising expenses were approximately $28,045 and $40,524, respectively.

(q) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation* using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued. During the three months ended September 30, 2024, and 2023, stock-based compensation expense was $1,003,943 and $1,109,642, respectively.

(r) Foreign Currency Translation

The functional currency of the Company is the United States dollar. The functional currency of the Likido, DepTec, and Dalrada Technology subsidiaries is the Great British Pound. The functional currency of Prakat is the Indian Rupee. The functional currency of Dalrada Technology Spain is the Euro. The financial statements of the Company's subsidiaries were translated to United States dollars in accordance with ASC 830, *Foreign Currency Translation Matters*, using period-end rates of exchange for assets and liabilities, and average rates of exchange for the year for revenues and expenses. Gains and losses arising on foreign currency denominated transactions are included in Consolidated Statements of Operations.

(s) Comprehensive Loss

ASC 220, *Comprehensive Income,* establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. During the three months ended September 30, 2024, and 2023, the Company's only component of comprehensive loss was foreign currency translation adjustments.

(t) Non-controlling Interests

Non-controlling interests are classified as a separate component of equity in the Company's Consolidated Balance Sheets and Statements of Changes in Stockholders' Equity (Deficit). Net loss attributable to non-controlling interests are reflected separately from consolidated net loss in the Consolidated Statements of Comprehensive Loss and Statements of Changes in Stockholders' Equity (Deficit). Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss.

As of September 30, 2024, and June 30, 2024, non-controlling interests pertained to the Company's Prakat and Pala subsidiaries.

(u) Basic and Diluted Net Loss per Share

The Company computes net income (loss) per share in accordance with ASC 260, *Earnings per Share*. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the periods using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the periods is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants.

The weighted average number of common stock equivalents related to cashless warrants of 54,114,779 and 61,312,134, was not included in diluted loss per share, because the effects are antidilutive, for the three months ended September 30, 2024 and 2023, respectively.

There were no adjustments to the numerator during the three months ended September 30, 2024 and 2023.

(v) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, *Accounting for Income Taxes*. The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. The Company had a full valuation allowance at September 30, and June 30, 2024.

(w) Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. This ASU will likely result in us including the additional required disclosures when adopted. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending June 30, 2025.

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 will be effective for us for the fiscal year ended January 31, 2026. This guidance will be applied on a prospective basis with the option to apply the standard retrospectively. We are currently evaluating the impact of the standard on our financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03") and in January 2025, the FASB issued ASU 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date ("ASU 2025-01"), which clarified the effective date of ASU 2024-03. ASU 2024-03 is intended to improve disclosures about a public business entity's expenses, primarily through additional disaggregation of income statement expenses. ASU 2024-03 will be effective for the annual period beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027, with the option to early adopt at any time prior to the effective date and should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact of the standard on our financial statements and disclosures.

3. Investment in Pala Diagnostics

In August 2021, Dalrada, through its subsidiary Dalrada Health, entered a joint venture ("JV") with Vivera Pharmaceuticals, Inc ("Vivera") for a 51% ownership and controlling interest. The JV, Pala Diagnostics, LLC ("Pala") is a CLIA-certified diagnostics lab focused on SARS-CoV-2 testing for now with additional testing capabilities to be introduced. The JV has been treated as a business combination.

We determined that Pala is a Variable Interest Entity (VIE), We believe that the Company has the power to direct the activities that most significantly impact the economic performance of Pala, and accordingly, Dalrada is considered the primary beneficiary of the VIE. The Company has consolidated the activities of the VIE.

Pursuant to the partnership agreement, Dalrada contributed equity in the amount of $500,000 for operating capital and Vivera contributed property and equipment at a fair value of $111,185. This amount was included in non-controlling interest equity balance in the consolidated balance sheets.

Pursuant to the JV agreement, Dalrada issued 250,000 shares of common stock to Vivera in October 2021. The fair value of $58,560 was recorded to goodwill as of September 30, 2023. The fair value was recorded as a loss on impairment in full for the fiscal year ending June 30, 2023.

In December 2021, Dalrada Health filed suit against Vivera and Paul Edalat, Vivera's Chairman and CEO, for misappropriation of funds on behalf of the joint venture in the amount of $2,104,509, accounted for as an unauthorized distribution. In addition to filing a cross-complaint against Dalrada Health Products, Vivera filed a separate complaint against Dalrada Financial Corporation, Empower Genomics (a subsidiary of Dalrada Financial Corporation), Dalrada Financial Corporation's officers, and other unrelated parties. See Note 13 for legal proceedings.)

4. Business Combinations and Asset Acquisition

Fiscal 2025 Transactions

Grand Entrances

On August 21, 2024, the Company acquired 100% of Grand Entrances through a Purchase Agreement. Grand Entrances is a California based custom door and hardware retail store. Pursuant to the terms of the transaction, the Company acquired all assets, tangible and intangible, which relate to, or are used or held for use in connection with the business in consideration of $100 in cash, assumption of all liabilities, and a 20% earnout of EBITA over a 3-year period.

As a result of the 20% earnout of EBITDA over a 3-year period, the Company recorded contingent consideration (see Note 2. Summary of Significant Accounting Policies) in connection with the acquisition. The following is a summary of the purchase price consideration:

Cash - Payment	$	100
Contingent consideration		211,289
Total purchase price consideration	$	211,389

The Company acquired Grand Entrances to vertically integrate custom door and hardware products into Bothof Brothers' real estate construction pipelines and scale its profit margins.

The Company has made a preliminary allocation of the purchase price regarding the acquisition related to the assets acquired and liabilities assumed as of the purchase date. The following table summarizes the purchase price allocation as of August 21, 2024:

	Preliminary Purchase Price Allocation
Cash and cash equivalents	$ 24,069
Accounts receivable, net	207,335
Prepaid expenses	28,917
Inventory	182,281
Property and equipment, net	55,405
Goodwill	185,269
Accounts payable	(141,064)
Deferred revenue	(2,186)
Ally loan	(10,515)
Fundation loan	(84,677)
MCA servicing loan	(83,445)
BA EIDL loan	(150,000)
Purchase price consideration	$ 211,389

Fiscal 2024 Transactions

IV Services, LLC dba Genefic Infusion Rx

On May 13, 2024, the Company acquired 100% of IV Services, LLC dba Genefic Infusion Rx ("IVS") through a Membership Interest Purchase Agreement. IVS is a Louisiana based pharmacy that holds pharmacy licenses in Louisiana and Mississippi and specializes in home infusion services. Pursuant to the terms of the transaction, the Company acquired all assets, tangible and intangible, which relate to, or are used or held for use in connection with the business for cash, closing date inventory, closing date rent payment, closing date cash on hand, and total liabilities of $156,926.

The Company acquired IVS to expand the physical footprint of Genefic Specialty Rx as well as its ability to ship a larger volume of prescriptions and to enter the infusion pharmacy business.

The Company has made an allocation of the purchase price regarding the acquisition related to the assets acquired and liabilities assumed as of the purchase date. The following table summarizes the purchase price allocation as of May 13, 2024:

	Purchase Price Allocation
Cash and cash equivalents	$ 2,991
Inventory	149,216
Prepaid expenses	2,390
Deposits	10,700
Fixed assets, net	166,526
IP-technology-license	99,000
Non-competes	17,500
Goodwill	371,298
Accounts payable	(97,494)
Accrued compensation – PTO	(12,933)
Loan payable	(46,500)
Purchase price consideration	$ 662,694

5. Selected Balance Sheet Elements

Inventories

Inventories consisted of the following as of September 30, 2024 and June 30, 2024:

	September 30, 2024	June 30, 2024
Raw materials	$ 940,166	$ 910,679
Work-in-progress	1,387,714	1,129,348
Finished goods	607,047	607,625
	$ 2,934,927	$ 2,647,652

Property and Equipment, Net

Property and equipment, net consisted of the following as of September 30, 2024 and June 30, 2024:

	September 30 2024	June 30, 2024
Machinery and equipment	$ 1,840,509	$ 1,769,470
Leasehold improvements	450,621	416,854
Computer and office equipment	671,893	458,689
Construction in progress	–	–
Less: Accumulated depreciation	(1,321,516)	(1,192,731)
	$ 1,641,507	$ 1,452,282

Depreciation expense of $251,637 and $70,066 for the three months ended, September 30, 2024, and 2023, respectively, were included in selling, general and administrative expenses in the unaudited interim condensed consolidated statements of operations and comprehensive loss.

Intangible Assets, Net

Intangible assets, net consisted of the following as of September 30, 2024:

	Curriculum development	Licenses	Customer relationships	Trademarks	Developed technology, software, and other	Totals
Balance: June 30, 2024	$ 693,385	$ 1,064,000	$ 1,244,480	$ 535,547	$ 929,979	$ 4,467,391
Additions	–	–	–	148,700	–	148,700
Balance: September 30, 2024	693,385	1,064,000	1,244,480	684,247	929,979	4,616,091
Less: Accumulated amortization						
Balance: June 30, 2024	(241,569)	(106,496)	(278,218)	(170,919)	(122,923)	(920,125)
Additions	(22,335)	(12,779)	(30,754)	(29,884)	(63,579)	(159,331)
Balance: September 30, 2024	(263,904)	(119,275)	(308,972)	(200,803)	(186,502)	(1,079,456)
Net book value: September 30, 2024	$ 429,481	$ 944,725	$ 935,508	$ 483,444	$ 743,477	$ 3,536,635

Amortization expense of $159,331 and $108,892 for the three months ended, September 30, 2024, and 2023, respectively, were included in selling, general and administrative expenses in the unaudited interim condensed consolidated statements of operations and comprehensive loss. The Company's intangible assets are subject to amortization and are amortized over the straight-line methods over their estimated period of benefit.

6. Notes Payable

Notes Payable - Related Parties

The following is a summary of notes payable – related parties on September 30, 2024 and June 30, 2024:

	September 30, 2024	
	Outstanding Principal	Accrued Interest
Related entity 1	$ 23,000	$ –
Related entity 2	461,026	–
Related entity 3	–	–
Related entity 4	129,584	–
Related entity 5	–	–
Related entity 6	–	–
	$ 613,610	$ –

	June 30, 2024	
	Outstanding Principal	Accrued Interest
Related entity 1	$ –	$ –
Related entity 2	52,887	–
Related entity 3	–	–
Related entity 4	1,070	–
Related entity 5	–	–
Related entity 6	–	–
	$ 53,957	$ –

The following is a summary of current and long-term notes payable – related parties as of September 30, 2024 and June 30, 2024:

	September 30, 2024		
	Current Portion	Long-Term Portion	Total
Related entity 1	$ –	$ 23,000	$ 23,000
Related entity 2	–	461,026	461,026
Related entity 3	–		
Related entity 4	–	129,584	129,584
Related entity 5	–	–	–
Related entity 6	–	–	–
	$ –	$ 613,610	$ 613,610

	June 30, 2024		
	Current Portion	Long-Term Portion	Total
Related entity 1	$ –	$ –	$ –
Related entity 2	–	52,887	52,887
Related entity 3	–	–	–
Related entity 4	–	1,070	1,070
Related entity 5	–	–	–
Related entity 6	–	–	–
	$ –	$ 53,957	$ 53,957

Notes Payable

	September 30, 2024	June 30, 2024
Current portion	$ 4,468,760	$ 5,710,718
Long-term portion	3,673,761	1,038,567
Total	$ 8,142,521	$ 6,749,285

The Company's Economic Injury Disaster Loan ("EIDL") dated May 10, 2020, include a 3.75% interest rate for up to 30 years; the payments are deferred for the first two years (during which interest will accrue), and payments of principal and interest are made over the remaining 28 years. The EIDL loan has no penalty for prepayment. The EIDL loan attaches collateral which includes the following property that EIDL borrower owns or shall acquire or create immediately upon the acquisition or creation thereof: all tangible and intangible personal property, including, but not limited to: (a) inventory, (b) equipment, (c) instruments, including promissory notes (d) chattel paper, including tangible chattel paper and electronic chattel paper, (e) documents, (f) letter of credit rights, (g) accounts, including health-care insurance receivables and credit card receivables, (h) deposit accounts, (i) commercial tort claims, (j) general intangibles, including payment intangibles and software and (k) as-extracted collateral as such terms may from time to time be defined in the Uniform Commercial Code. The security interest the EIDL borrower grants includes all accessions, attachments, accessories, parts, supplies and replacements for the collateral, all products, proceeds and collections thereof and all records and data relating thereto. The balance of IHG's EIDL is $150,000 and $147,807 for the years ended June 30, 2024, and 2023, respectively. The EIDL loan is technically in default as a result of a change in ownership without the Small Business Administration ("SBA") prior written consent. The Company has contacted the SBA regarding the transfer of ownership and has not yet finalized the transfer of ownership.

The Company's COVID-19 Government Loan includes a 2.5% interest rate for up to six years; the payments are deferred for the first year (during which interest will accrue). The balance of COVID-19 Government Loan is $24,206 and $36,938 for the years ended June 30, 2024, and 2023, respectively.

The Company has a loan totaling $95,060 and $320,709 as of June 30, 2024, and 2023, respectively, which includes an interest rate of 5% with a maturity date of April 29, 2025. The loan is collateralized by personal property and includes monthly payments in the amount of $2,656, with a balloon payment at the maturity date in the amount of $336,898. The Company renewed a loan on June 26, 2023, for $176,836, which includes an interest rate equal to the Wall Street Journal Prime Rate, or 8.25% as of June 30, 2023, and a maturity date of June 26, 2024. The loan is collateralized by the accounts receivable of the Company and includes four payments of $46,838.

On July 25, 2023, the Company entered into an agreement with OnPoint LTB, LLC, for a credit line and funding of up to $2,000,000. The terms of the credit line include a 24-month term loan, with interest only for 6 months, then amortizing over 18 months down to 50%, with the remaining 50% of the balance due at the end of term. Interest is fixed at 20% per annum, with an origination fee of $20,000 which is added to the loan balance. The Company borrowed the first installment of $1,200,000 at the time of closing and the remaining $800,000 was borrowed on October 4, 2023. As part of the loan origination fee, the Company issued 500,000 shares of its common stock. The transaction includes a debt discount of $189,971 which is amortized using an effective interest method over a 24-month period. The net balance of the loan is $1,561,395 as of June 30, 2024.

On January 4, 2024, the Company executed a revenue purchase agreement with NewCo Capital Group LLC for $350,000, which includes a 17% purchase percentage and a total purchased amount of $507,500 at the end of the term. The agreement includes a $10,500 underwriting fee and a $10,500 origination fee.

On January 22, a loan and security agreement was executed with Nautilus Parent Holding, LLC whereby the Company can borrow 80% of the estimated accounts receivable at 2% interest per month for up to a maximum draw down of $750,000. On April 18, 2024, the Company board of directors approved to increase the maximum draw down to $8,000,000. As of June 30, 2024, the total drawdown was $2,900,000. The agreement includes a $5,000 expense deposit.

On April 8, 2024, the Company entered into a promissory note with 1800 Diagonal Lending, LLC for $172,500. The promissory note includes a one-time interest charge of 14%, which was applied on the issuance date, and matures on February 15, 2025. There are 10 monthly payments in the amount of $19,665 for a total payback of $196,650. In the event of default, 1800 Diagonal Lending, LLC shall have the right to convert all or part of the outstanding and unpaid amount of the note into common shares equal to 61% multiplied by the lowest trading price of the Company common stock during the 10 trading days prior to the conversion date.

On May 2, 2024, the Company executed a revenue purchase agreement with Credit Line Capital Group for $600,000, which includes a 14% purchase percentage and a total purchased amount of $786,000 at the end of the term. The agreement includes a $6,000 underwriting fee and a $6,000 origination fee.

On May 16, 2024, the Company entered into a promissory note with 1800 Diagonal Lending, LLC for $122,475. The promissory note includes a one-time interest charge of 14%, which was applied on the issuance date, and matures on March 30, 2025. There are 10 monthly payments in the amount of $13,962 for a total payback of $139,621. In the event of default, 1800 Diagonal Lending, LLC shall have the right to convert all or part of the outstanding and unpaid amount of the note into common shares equal to 61% multiplied by the lowest trading price of the Company common stock during the 10 trading days prior to the conversion date.

On May 16, 2024, the Company entered into a term loan with Agile Capital Funding, LLC for $525,000 and includes an administrative fee in the amount of $23,625. There are 32 weekly payments in the amount of $22,641 for a total payback of $724,500.

On June 25, 2024, the Company executed a revenue purchase agreement with Cucumber Capital LLC for $325,000, which includes a 9% purchase percentage and a total purchased amount of $487,175 at the end of the term. The agreement includes a $19,500 origination fee.

On July 10, 2024, the Company entered into a promissory note with 1800 Diagonal Lending, LLC for $87,975. The promissory note includes a one-time interest charge of 14%, which was applied on the issuance date, and matures on May 15, 2025. There are 4 monthly payments of $10,029 and one payment of $60,175 for a total payback of $100,291.

On July 18, 2024, the Company executed a cash advance agreement with Cali Flower Capital Inc. with a total advance of $200,00 and payback of $299,800.

On July 25, 2024, the Company executed a revenue purchase agreement with 24 Capital with a total advance of $125,000 and payback of $187,375.

On July 29, 2024, the Company executed a revenue purchase agreement with Tycoon Capital Group with a total advance of $125,000 and payback of $187,375.

On August 23, 2024, the Company executed a revenue purchase agreement with Quick Funding with a total advance of $170,000 and payback of $254,150.

On September 20, 2024, the Company executed a revenue purchase agreement with QFS Capital, LLC with a total advance of up to $1,573,781 and payback of $2,359,097.

7. Convertible Note Payable – Related Parties

On February 1, 2022, $6,532,206 of related party debt principal and interest related to promissory notes issued by the Company, with the option for conversion, was converted into 10,002 shares of Series G Convertible Preferred Stock (“Series G Stock”). The Series G Stock shall convert at one share of Series G Stock to 2,177 shares of common stock (equivalent to converting the related dollars into common shares at $0.30 per share).

On April 4, 2023, $4,544,224 of related party debt principal and interest related to promissory notes issued by the Company, with the option for conversion, was converted into 15,002 shares of Series H Convertible Preferred Stock (“Series H Stock”). The Series H Stock shall convert at one share of Series H Stock to 3,029 shares of common stock (equivalent to converting the related dollars into common shares at $0.10 per share).

On June 23, 2023, $29,315,320 of related party debt principal and interest related to promissory notes issued by the Company, with the option for conversion, was converted into 35,108 shares of Series I Convertible Preferred Stock (“Series I Stock”). The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share).

On March 29, 2024, $13,318,783 of related party debt principal and interest related to promissory notes issued by the Company, with the option for conversion, was converted into 15,951 shares of Series I Convertible Preferred Stock (“Series I Stock”). The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share).

Pursuant to the acquisition agreement dated April 6, 2022, between the Company and Silicon Services Consortium Ltd. ("SSCe"), the sellers of SSCe were to be issued 3,000,000 shares of its common stock evenly every quarter for 24 months with the initial distribution to take place on the effective date (the "Share Consideration"). If at the end of the 24-month stock distribution period, beginning on the effective date of April 7, 2022 (the "Distribution Period"), the value of common stock consideration does not equate to 4,000,000 GBP (the "Target Amount") in value, then the Company shall issue additional stock equal to the shortfall between the value of the Share Consideration and the Target Amount (the "Valuation Shortfall"). At the end of the Distribution Period, the sellers of SSCe were to be issued an additional $4,440,000 in stock as a result of the Valuation Shortfall. The Company share price at the end of the Distribution Period was $0.20, creating an additional 22,200,000 shares of common stock due to the sellers of SSCe. Pursuant to board resolution dated May 22, 2024, Valuation Shortfall shares were issued into 4,440 shares of Series I Convertible Preferred Stock ("Series I Stock") as opposed to common stock. The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share). The Series I Stock does not have voting rights.

On June 30, 2024, the Company converted $3,924,499 of related party debt principal and interest into 4,700 shares of Series I Convertible Preferred Stock ("Series I Stock"). The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share). The Series I Stock does not have voting rights.

8. Related Party Transactions

During the three months ended September 30, 2024 and 2023, the Company received cash funding or expenses paid on behalf of the Company from related parties totaling $549,892 and $390,856 respectively. The expenses paid on their behalf primarily relate to operational expenditure and payroll. In most cases, promissory notes were created on a quarterly basis totaling the amounts referenced above. The remaining amounts are included within accounts payable – related parties for which the related parties expect repayment. The above-referenced expenses relate to three corporations that the Company has classified as related parties. These corporations are all owned and/or operated by an individual who has a familial relationship with the Company's CEO.

During the three months ended September 30, 2024 and 2023, the Company's Bothof Brothers subsidiary recognized revenue for construction services totaling $218,948 and $876,626, respectively, from corporations owned and/or operated by a related party who has a familial relationship with the Company's CEO.

As of September 30, 2024 and June 30, 2024 amounts included within accounts payable and accrued liabilities – related parties for related party expenses was $3,134,681 and 136,976, respectively.

The following is a summary of revenues recorded by the Companies to related parties with common ownership:

	Three Months Ended September 30	
	2024	2023
Dalrada Health	$ –	$ –
Dalrada Energy Services	–	4,688
Ignite	–	140
Prakat	–	15,000
Bothof Brothers	218,948	876,626
	$ 218,948	$ 896,454

See Notes 6, 7, 8, 9, 10, and 11 for additional related party transactions.

9. Preferred Stock

The Company has 100,000 shares authorized of Series F Preferred Stock ("Series F Stock"), par value, $0.01, of which 5,000 shares of Series F Stock (at a fair value of $170) were issued to the CEO in December 2019. Each share of Series F Stock entitles the holder to the greater of (i) one hundred thousand votes for each share of Series F Stock, or (ii) the number of votes equal to the number of all outstanding shares of Common Stock, plus one additional vote such that the holders of Series F Stock shall always constitute most of the voting rights of the Corporation. In any vote or action of the holders of the Series F Stock voting together as a separate class required by law, each share of issued and outstanding Series F Stock shall entitle the holder thereof to one vote per share. The holders of Series F Stock shall vote together with the shares of Common Stock as one class.

On March 29, 2024, the Company converted $13,318,943 of related party debt principal and interest into 15,951 shares (effective price of $835 per share) of Series I Convertible Preferred Stock ("Series I Stock"). The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share). The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 3(a)(9) of the Act in that such issuance did not constitute a public offering.

Pursuant to the acquisition agreement dated April 6, 2022 between the Company and Silicon Services Consortium Ltd. ("SSCe"), the sellers of SSCe were to be issued 3,000,000 shares of its common stock evenly every quarter for 24 months with the initial distribution to take place on the effective date (the "Share Consideration"). If at the end of the 24-month stock distribution period, beginning on the effective date of April 7, 2022 (the "Distribution Period"), the value of common stock consideration does not equate to 4,000,000 GBP (the "Target Amount") in value, then the Company shall issue additional stock equal to the shortfall between the value of the Share Consideration and the Target Amount (the "Valuation Shortfall"). At the end of the Distribution Period, the sellers of SSCe were to be issued an additional $4,440,000 in stock as a result of the Valuation Shortfall. The Company share price at the end of the Distribution Period was $0.20, creating an additional 22,200,000 shares of common stock due to the sellers of SSCe. Pursuant to board resolution dated May 22, 2024, Valuation Shortfall shares were issued into 4,440 shares of Series I Convertible Preferred Stock ("Series I Stock") as opposed to common stock. The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share). The Series I Stock does not have voting rights. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

On June 30, 2024, the Company converted $3,924,499 of related party debt principal and interest into 4,700 shares (effective price of $835 per share) of Series I Convertible Preferred Stock ("Series I Stock"). The Series I Stock shall convert at one share of Series I Stock to 5,000 shares of common stock (equivalent to converting the related dollars into common shares at $0.167 per share). The Series I Stock does not have voting rights. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 3(a)(9) of the Act in that such issuance did not constitute a public offering.

10. Stockholders' Equity

Common Stock Transactions – Fiscal 2024

In July 2023, the Company issued 500,000 shares of common stock in connection with a fee for a third-party loan in the amount of 1,200,000. The company ascribed $60,000 to those shares recorded as a debt discount. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

In July 2023, the Company issued 109,637 shares of common stock pursuant to the Stock Purchase Agreement with Prakat Solutions Inc. for $14,413. This issuance was a follow on with certain legacy stockholders of Prakat to the 2020 purchase by the Company of 72% of Prakat. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

In July and October 2023, the Company issued a total of 1,000,000 shares of common stock related to earn-out payments in the acquisition of Genefic Specialty Pharmacy. The company ascribed $106,250 to those shares recorded at the value of the shares upon issuance. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

In October 2023 the company issued 500,000 shares of common stock pursuant to a loan agreement for $173,000. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

In December 2023 and April 2024, the Company issued a total of 1,000,002 shares of common stock related to the acquisition of DepTec (SSCe) for $200,947. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

In February 2024, the Company issued 4,666,665 shares of common stock related to a Company conducted private placement for aggregate proceeds of $604,001, or $0.13 per share. The Company used the proceeds for operating capital. The Company issued these shares of common stock pursuant to the exemption from registration abiding by Rule 506 under Regulation D.

In February 2024, the Company issued 1,200,000 shares of common stock pursuant to consulting agreements resulting in $241,200 in consultancy fees. The Company issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Act in that such issuance did not constitute a public offering.

11. Stock-Based Compensation

Dalrada Financial Corp 2020 Stock Compensation Plan

On July 9, 2020, the Board authorized the Dalrada Financial Corp 2020 Stock Compensation Plan to be used to compensate the company board of directors. The plan allocates the issuance of up to 3,500,000 shares. On February 25, 2021, the Company amended the plan to issue up to 4,500,000 shares and issued an aggregate of 4,500,000 common shares, or 500,000 shares to each board member (9). 3,500,000 shares of common stock were granted on July 9, 2020, at $0.08 per share and 1,000,000 shares of common stock were granted on February 25, 2021, at $0.45 per share, for a total fair value of $730,000, which is included in the consolidated statements of operations.

On November 10, 2021, the Company cancelled 6,500,000 shares issued to the Board of Directors and issued 6,500,000 cashless warrants. 4,500,000 cashless warrants were to vest immediately, and 2,000,000 cashless warrants were to vest over a 12-month period. All cashless warrants carry a $0.45 exercise price and a ten-year term. The Company recorded stock-based compensation related to the 6,500,000 shares in prior periods. The issuance of the warrants was treated as a modification and, as a result of the value of the stock-based compensation of the shares cancelled being greater than the stock-based compensation related to the cashless warrants issued, no additional stock-based compensation expense was recorded for the year ended June 30, 2022.

On November 30, 2021, the Company issued 2,275,000 cashless warrants to employees and consultants for services performed. 825,000 cashless warrants vested immediately and 1,450,000 cashless warrants vests over a 36-month period. The cashless warrants include an exercise price of $0.45 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.73 per share, or $1,651,093 which was calculated using the Black-Scholes model.

On February 16, 2022, the Company issued 2,250,000 cashless warrants to new members of the Board of Directors. The cashless warrants vest over a 12-month period and hold an exercise price of $0.45 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.59 per share, or $1,338,644 which was calculated using the Black-Scholes model.

On August 11, 2022, the Company issued 2,200,000 cashless warrants to new members of the Board of Directors and Advisors. 1,500,000 cashless warrants vest over a 12-month period and hold an exercise price of $0.45 per share. 450,000 cashless warrants vest over a 12-month period and hold an exercise price of $0.41 per share. 250,000 cashless warrants vest over a 12-month period beginning April 8, 2023 and hold an exercise price of $0.45 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.18 per share, or $397,890 which was calculated using the Black-Scholes model.

On October 7, 2022, the Company issued 3,000,000 cashless warrants to the selling shareholder of Bothof in connection with acquisition of Bothof. The warrants vest over a 24-month period and hold an exercise price of $0.15 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $1.26 per share, or $5,101,223 which was calculated using the Fair Value method. The cashless warrants are contingent on the selling shareholder's continued employment with the Company; therefore, it is treated as stock-based compensation expense and recognized ratably over a 24-month period.

On March 1, 2023, the Company issued 1,000,000 cashless warrants to the selling shareholders of Dalrada Technology Ltd with the acquisition of Dalrada Technology Ltd. The warrants vest over a 36-month period and hold an exercise price of $0.10 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.07 per share, or $68,975, which was calculated using the Fair Value method.

On April 14, 2023, the Company authorized and issued 26,638,500 cashless warrants to various officers, employees, and consultants of the Company. A total of 5,575,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.45 per share. A total of 3,600,000 cashless warrants vest over a 24-month period and hold an exercise price of $0.45 per share. A total of 5,000,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.33 per share. A total of 1,300,000 cashless warrants vest over a 12-month period and hold an exercise price of $0.20 per share. A total of 500,000 cashless warrants vest over a 12-month period and hold an exercise price of $0.12 per share. A total of 250,000 cashless warrants vest over a 12-month period and hold an exercise price of $0.45 per share. A total of 20,000 cashless warrants vest over a 12-month period and hold an exercise price of $0.09 per share. A total of 6,200,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.16 per share. A total of 2,250,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.25 per share. A total of 1,143,500 cashless warrants vest over a 36-month period and hold an exercise price of $0.08 per share. The remaining 800,000 cashless warrants vest over a 24-month period and hold an exercise price of $0.14 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.08 per share, or $2,143,402, which was calculated using the Black-Scholes model.

On May 25, 2023, the Company authorized and issued 587,634 cashless warrants to various employees of the Company. A total of 537,634 cashless warrants vest over a 36-month period and hold an exercise price of $0.45 per share, and the remaining 50,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.08 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.10 per share, or $47,408, which was calculated using the Black-Scholes model.

On September 6, 2023, the Company authorized and issued 15,861,000 cashless warrants to various officers, employees, and consultants of the Company. A total of 6,000,000 cashless warrants vest over a 24-month period and hold an exercise price of $0.10 per share. A total of 4,200,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.12 per share. A total of 5,161,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.17 per share. A total of 500,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.12 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.08 per share, or $2,064,699, which was calculated using the Black-Scholes model.

On December 14, 2023, the Company authorized and issued 250,000 cashless warrants to various employees of the Company. All 250,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.17 per share. The cashless warrants expire in ten years after issuance. The fair value of the cashless warrants granted was $0.17 per share, or $42,056, which was calculated using the Black-Scholes model.

On January 30, 2024, the Company authorized and issued 5,455,000 cashless warrants to various employees and consultants of the company. A total of 580,000 cashless warrants vest over a 36-month period and hold an exercise price of $0.20 per share. A total of 1,875,000 cashless warrants vest immediately and hold an exercise price of $0.12 per share. A total of 3,000,000 cashless warrants vest immediately and hold an exercise price of $0.20 per share.

	Common Stock Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding - June 30, 2023	45,451,134	–	8.82
Granted	21,566,000	$ 0.29	
Exercised	–	–	
Forfeited	(12,902,355)	–	
Outstanding - June 30, 2024	54,114,779	$ 0.33	8.83
Granted	–	$ –	
Exercised	–	–	
Forfeited	–	–	
Outstanding - September 30, 2024	54,114,779	$ 0.26	8.02
Exercisable - September 30, 2024	43,311,759	$ 0.29	7.88

During the three months ended September 30, 2024 and 2023, stock-based compensation was $1,003,943 and $1,109,642, respectively. Total unrecognized compensation cost of non-vested options was $1,380,781 on September 30, 2024, which will be recognized through fiscal year ending June 30, 2027.

12. Segment Reporting

Segment information for the three ended September 30, 2024, and 2023 is as follows:

	Three Months Ended September 30, 2024					
	Genefic	Dalrada Climate Technology	Dalrada Precision Manufacturing	Dalrada Technologies	Corporate	Consolidated
Revenues	$ 4,464,280	$ 899,632	$ 231,075	$ 435,668	$ –	$ 6,030,655
Income (Loss) from Operations	(1,447,011)	(1,323,439)	(248,651)	76,326	(2,779,299)	(5,722,074)

	Three Months Ended September 30, 2023					
	Genefic	Dalrada Energy	Dalrada Precision Manufacturing	Dalrada Technologies	Corporate	Consolidated
Revenues	$ 1,852,147	$ 1,213,344	$ 1,542,589	$ 410,000	$ –	$ 5,018,080
Income (Loss) from Operations	(1,231,074)	(1,261,262)	313,990	(28,765)	(2,864,685)	(5,071,796)

Geographic Information

The following table presents revenue by country:

	Three Months Ended September 30,	
	2024	2023
United States	$ 5,352,749	$ 4,006,005
Scotland	184,927	733,343
Spain	248,877	
India	244,102	278,732
	$ 6,030,655	$ 5,018,080

The following table presents inventories by country:

	September 30, 2024	June 30, 2024
United States	$ 540,066	$ 544,334
Scotland	2,394,861	2,103,318
	$ 2,934,927	$ 2,647,652

The following table presents property and equipment, net, by country:

	September 30, 2024	June 30, 2024
United States	$ 1,472,018	$ 1,277,282
Scotland	115,407	121,180
Spain	48,364	48,121
India	5,718	5,699
	$ 1,641,507	$ 1,452,282

13. Commitments and Contingencies

Lease Commitments

Right of Use Assets

In April 2023, the Company's Prakat subsidiary entered into an operating lease agreement to lease office space through March 2026. The Company recognized a right of use asset and liability of $99,060 and used an effective borrowing rate of 8% within the calculation.

In January 2023, the Company's Solas subsidiary entered into a one-year operating lease agreement to lease an office and medical suite in Coronado, California. The company recognized a right-of-use asset and lease liability of $47,211 and used an effective borrowing rate of 8%.

In March 2023, the Company acquired Dalrada Technology Ltd. which had an existing operating lease to a commercial building in Livingston, Scotland. Upon acquisition, the company recognized a right-of-use asset and lease liability of $540,615 and used an effective borrowing rate of 8.0% within the calculation. Imputed interest is $125,761. The lease agreement matures in October 2027.

In March 2023, Genefic entered into a five-year operating lease agreement to lease a commercial building in San Diego, California. The Company recognized a right-of-use asset and lease liability of $844,242 and used an effective borrowing rate of 8.0% within the calculation. Imputed interest is $185,976. The lease agreement matures in March 2028.

In March 2023, Dalrada Technology Spain S.L. entered into a five-year operating lease agreement to lease a commercial building in Bergondo, Spain. The Company recognized a right-of-use asset and lease liability of $125,780 and used an effective borrowing rate of 8.0% within the calculation. Imputed interest is $28,129. The lease agreement matures in May 2028.

In July 2023, Bothof Brothers entered into a 3-year operating lease agreement to lease a warehouse in Escondido, California. The Company recognized a right-of-use asset and lease liability of $342,211 and used an effective borrowing rate of 8.0% within the calculation. Imputed interest is $39,366. The lease agreement matures in February 2026.

In August 2024, the Company entered into a two-year and eight-month operating lease agreement to lease manufacturing and office space in Portland, Oregon related to the deposition technology business. The Company recognized a right-of-use asset and lease liability of $211,629 and used an effective borrowing rate of 8.0% within the calculation. Imputed interest is $9,483. The lease agreement matures in April 2027.

In October 2024, Grand Entrances assigned its lease to Bothof Brothers. The lease is ten-year and one-month operating lease for retail showroom and warehouse space in San Diego, California. The Company recognized a right-of-use asset and lease liability of $953,329 and used an effective borrowing rate of 8.0% within the calculation. Imputed interest is $263,371. The lease agreement matures in June 2030.

The following are the expected maturities of lease liabilities for operating leases as of September 30, 2024, including the total amount of imputed interested related:

Fiscal Year Ended June 30,		
Remaining 2025	$	1,166,553
2026		1,384,735
2027		1,242,429
2028		434,859
2029		–
Thereafter		32,627
Total lease payments		4,261,203
Less: imputed interest		(318,895)
Present value of lease liabilities	$	3,942,308

Other information related to operating leases as of September 30 and June 30, 2024, respectively, were as follows:

	September 30, 2024	June 30, 2024
Weighted average remaining lease term - years	3.34	3.1
Weighted average discount rate	7.14%	6.87%

Legal Proceedings

Genefic Products ("Dalrada Health"), a subsidiary of Dalrada Financial Corporation, formed a joint venture with Vivera Pharmaceuticals, Inc. ("Vivera"), whereby Vivera is the minority member. As the managing member of the joint venture, Genefic Products, in December 2021, filed suit against Vivera and Paul Edalat, Vivera's Chairman and CEO, for misappropriation of funds on behalf of the joint venture in the amount of $2,104,509. In addition to filing a cross-complaint against Genefic Products, Vivera filed a separate complaint against Dalrada Financial Corporation, Empower Genomics (a subsidiary of Dalrada Financial Corporation), Dalrada Financial Corporation's officers, and other unrelated parties. The proceedings are being held at the Superior Court of the State of California, for the County of Orange – Central Justice Center. On January 13, 2025 this, and all related cross-complaints were dismissed by order of the Orange County, California Superior Court.

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In June 2024, DFCO filed a case in the California Southern District Court alleging, among other causes of action, fraud, breach of contract, unjust enrichment following DFCO purchasing Likido company from Stuart Cox and his failure to disclose pertinent financial liabilities he had incurred prior to the sale of the company to DFCO. Mr. Cox resides in the Philippines and service of the summons and complaint is pending. Mr. Cox was served with the summons and complaint. Both parties are in the midst of settlement negotiations.

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14. Subsequent Events

On June 13, the Company executed a Loan Agreement between AMS Capital Solutions, LLC ("AMS") and Nautilus Funding Solutions, LLC – Series XIII ("Nautilus") whereby Nautilus borrowed $600,000 on the behalf of the Company based on the assignment of the Nautilus' rights held through a guarantee and collateral position as mutually agreed upon between Nautilus and the Company. The borrowed funds were used for working capital purposes for Genefic Specialty Pharmacy and collateralized by assets of Genefic, Inc., including its accounts receivable. Total interest associated with the loan is a maximum of $144,000 and matures on June 14, 2026. However, a return of principal can be elected at any time prior to the date of maturity on a 30-day notice by AMS.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of Dalrada Financial Corporation for the Three months ended September 30, 2024, and 2023.

You should read the following discussion and analysis in conjunction with our financial statements, including the notes thereto, included in this Report. Some of the information contained in this Report may contain forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended (the "Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This information may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by the use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that the projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. We undertake no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Our net loss and limited working capital raise substantial doubt about our ability to continue as a going concern. We incurred a net loss of $6,251,379 during the three months ended September 30, 2024. We will be required to raise substantial capital to fund our capital expenditures, working capital, and other cash requirements. We will continue to rely on related parties and seek other financing to complete our business plans. The successful outcome of future financing activities cannot be determined at this time and there are no assurances that, if achieved, we will have sufficient funds to execute our intended business plan or generate positive operational results.

In addition to our current deficit, we may incur additional losses during the foreseeable future, until we are able to successfully execute our business plan. There is no assurance that we will be able to obtain additional financing through private placements and/or public offerings necessary to support our working capital requirements. To the extent that funds generated from any private placements and/or public offerings are insufficient, we will have to raise additional working capital through other sources, such as bank loans and/or financings. No assurance can be given that additional financing will be available, or if available, will be on acceptable terms.

We are incurring increased costs as a result of being a publicly traded company. As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the Securities and Exchange Commission, have required changes in corporate governance practices of public companies. These new rules and regulations have increased our legal and financial compliance costs and have made some activities more time-consuming and costly. For example, as a result of becoming a public company, we have created additional board committees and have adopted policies regarding internal controls and disclosure controls and procedures. In addition, we have incurred additional costs associated with our public company reporting requirements. As a result of the new rules, it may become more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers. We cannot predict or estimate the amount of additional costs we may incur as a result of being a public company or the timing of such costs.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2024 and 2023

The following table sets forth the results of our operations for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30, 2024					
	Genefic	Dalrada Climate Technology	Dalrada Precision Manufacturing	Dalrada Technologies	Corporate	Consolidated
Revenues	$ 4,464,280	$ 899,632	$ 231,075	$ 435,668	$ –	$ 6,030,655
Income (Loss) from Operations	(1,447,011)	(1,323,439)	(248,651)	76,326	(2,779,299)	(5,722,074)

	Three Months Ended September 30, 2023					
	Genefic	Dalrada Energy	Dalrada Precision Manufacturing	Dalrada Technologies	Corporate	Consolidated
Revenues	$ 1,852,147	$ 1,213,344	$ 1,542,589	$ 410,000	$ –	$ 5,018,080
Income (Loss) from Operations	(1,231,074)	(1,261,262)	313,990	(28,765)	(2,864,685)	(5,071,796)

Revenues and Cost of Revenues

Revenues

Genefic:
Revenues for the three months ended September 30, 2024, was $4,464,280 compared with revenue of $1,852,147 during the three months ended September 30, 2023, an increase of $2,612,133, or 141%. The increase in revenue was primarily attributable to an influx in sales in the specialty pharmacy and infusion pharmacy businesses.

Dalrada Climate Technology:
Revenues for the three months ended September 30, 2024, was $899,632 compared with revenue of $1,213,344 during the three months ended September 30, 2023, an decrease of $313,712, or 26%. The decrease in revenue was primarily attributable to no sales activity within the Likdio and Dalrada Energy Services subsidiaries. The sales for the quarter ended September 30, 2024 was driven by Bothof Brothers Construction and Dalrada Technology Spain.

Dalrada Precision Manufacturing:
Revenues for the three months ended September 30, 2024, was $231,075 compared with revenue of $1,542,589 during the three months ended September 30, 2023, an increase of $1,311,514, or 85%. The decrease in sales was a result of Dalrada Precision losing its primary customer and reduction sales activity for Deposition Technology.

Dalrada Technologies:
Revenues for the three months ended September 30, 2024, was $435,668 compared with revenue of $410,000 during the three months ended September 30, 2023, a increase of $25,668, or 6%. The decrease in revenue was a result of a slight reduction in sales activity.

Costs and Expenses

Cost of Revenues

Genefic:
Cost of Revenues for the three months ended September 30, 2024, was $3,785,275 compared to cost of revenues of $1,799,458 during the three months ended September 30, 2023, an increase of $1,985,817, or 110%. The increase in cost of revenue was primarily attributable to an influx in sales in the specialty pharmacy and infusion pharmacy businesses.

Dalrada Climate Technology:
Cost of Revenues for the three months ended September 30, 2024, was $623,414 compared to cost of revenues of $1,298,599 during the three months ended September 30, 2023, an increase of $675,185, or 52%. The decrease in cost of revenue was primarily attributable to no sales activity within the Likdio and Dalrada Energy Services subsidiaries.

Dalrada Precision Manufacturing:
Cost of Revenues for the three months ended September 30, 2024, was $216,089 compared to cost of revenues of $703,383 during the three months ended September 30, 2023, a decrease of $487,294, or 69%. The decrease in cost of sales was a result of Dalrada Precision losing its primary customer and reduction sales activity for Deposition Technology.

Dalrada Technologies:
Cost of Revenues for the three months ended September 30, 2024, was $235,467 compared to cost of revenues of $245,782 during the three months ended September 30, 2023, a decrease of $10,315, or 4%. The decrease in cost of revenue was a result of a slight reduction in sales activity.

Operating Expenses

Genefic:
Operating expenses for the three months ended September 30, 2024, was $2,126,016 compared to operating expenses of $1,283,763 during the three months ended September 30, 2023, an increase of $842,253, or 66%. The increase in operating expenses was a result of the additional workforce required to support revenue growth of the Genefic Specialty Pharmacy and IV Services pharmay.

Dalrada Climate Technology:
Operating expenses for the three months ended September 30, 2024, was $1,599,657 compared to operating expenses of $1,176,007 during the three months ended September 30, 2023, an increase of $423,650, or 36%. The additional operating expenses during the three months ended September 30, 2024 was primarily a result of increased workforce.

Dalrada Precision Manufacturing:
Operating expenses for the three months ended September 30, 2024 was $261,579 compared to operating expenses of $525,216 during the three months ended September 30, 2023, a decrease of $261,579, or 50%. The decrease in operating expenses was a result of a reduced sales activity among the subsidiaries within the segment.

Dalrada Technologies:
Operating expenses for the three months ended September 30, 2024 was $69,108 compared to operating expenses of $192,983 during the three months ended September 30, 2023, a decrease of $69,108, or 36%. The decrease in operating expenses was a result of a reduced sales activity among the subsidiaries within the segment.

Corporate:
Operating expenses for the three months ended September 30, 2024 was $2,772,056 compared to operating expenses of $2,864,685 during the three months ended September 30, 2023, an decrease of $92,629, or 3%. The reduction in operating expenses during the three months ended September 30, 2024 was primarily a result of a decreased workforce and other expense required to operate the segment.

Other Income (Expense)

Other income (expense) consists of penalties and interest within interest expense on the consolidated statements of operations. Interest expense was $1,065,814 and $113,193 for the three months ended September 30, 2024 and 2023, respectively.

Net Income (Loss)

Net loss for the three months ended September 30, 2024 was $6,798,914 compared to net loss of $4,838,136 for the three months ended September 30, 2023.

Liquidity and Capital Resources

The Company continues to incur significant losses and raises substantial doubt regarding the Company's ability to continue as a going concern. We anticipate needing additional liquidity during the next twelve months to fund operations, expand our subsidiaries, expand the growth of the pharmacies, continue the commercialization of our DCT heat pump units and expanding Bothof Brothers Construction's development footprint. Management is planning to support operations by raising capital, and by accelerating sales & marketing efforts of high-margin DCT heat pump units, precision parts, DepTec's deposition systems and COVID-19 testing. The continuation of the Company as a going concern is dependent upon the continued financial support from its management, its ability to obtain the necessary debt or equity financing and generate profitable operations from the Company's planned future operations. We will also continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and activities and there are no plans to induce conversion of existing debt. There are no assurances that our plans will be successful. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Our primary sources of liquidity are cash from operations and cash on hand from related party loans. Our primary requirements for liquidity are to fund our working capital needs, debt service, operating lease obligations, capital expenditures and general corporate needs.

As of September 30, 2024, we maintained a cash and cash equivalents balance of $365,804 with a working capital deficit of $10,038,891. The working capital deficit is primarily due to the current portion of the related party notes payable.

Working Capital

As of September 30, 2024, the Company had current assets of $6,981,801 and current liabilities $17,020,692 compared with current assets of $8,605,651 and current liabilities of $15,690,957 on June 30, 2024. The decrease in the working capital was primarily a result of increased related party loans to fund payroll and pay outstanding vendors.

Cash Flows

	Three Months Ended September 30,	
	2024	2023
Net cash used in operating activities	$ (1,443,205)	$ (1,756,847)
Net cash used in investing activities	(626,132)	(98,467)
Net cash provided by financing activities	1,952,889	1,292,953
Net change in cash during the period, before effects of foreign currency	$ (116,448)	$ (562,361)

Cash flow from Operating Activities

During the three months ended September 30, 2024, the Company used $1,443,205 cash for operating activities compared to $1,756,847 used during the three months ended September 30, 2023. The primary decrease in the use of cash for operating activities was a result of the changes in accounts receivable related to the pharmacies and the contingent consideration.

Cash flow from Investing Activities

During the three months ended September 30, 2024, the Company used $626,132 of cash for investing activities compared to $98,467 used during the three months ended September 30, 2023. The increase in the use of cash for investing activities was primarily due to the purchase Grand Entrances.

Cash flow from Financing Activities

During the three months ended September 30, 2024, the Company received $1,952,889 in cash from financing activities compared to $1,292,953 during the three months ended September 30, 2023. The increase was primarily due to the increase in proceeds from notes payable transactions and payments/repayments of related party notes.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources, and related party transactions.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. A complete summary of these policies is included in note (1) of the notes to our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes for the reporting period. Significant areas requiring the use of management estimates relate to the valuation of its mineral leases and claims and our ability to obtain final government permission to complete the project. As of September 30, 2024 there have been no material changes to our critical accounting policies and estimates from those previously disclosed in our Annual Report on Form 10-K for the year ended June 30, 2024.

Stock-Based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*, using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. Equity instruments issued to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments issued.

Recently Issued Accounting Pronouncements

We have reviewed all recently issued, but not yet effective, accounting pronouncements and we do not believe any of these pronouncements will have a material impact on the Company.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable to smaller reporting companies.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Our Chief Executive Officer and Principal Financial Officer, after evaluating the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q (the "Evaluation Date"), concluded that as of the Evaluation Date, our disclosure controls and procedures were not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

(b) Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting during our most recent fiscal quarter that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Internal Controls

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity's disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors or mistakes or intentional circumvention of the established process.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO Framework").

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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Item 1A. Risk Factors.

Not applicable to smaller reporting entities

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

None.

Item 3. Defaults Upon Senior Securities.

None noted.

Item 4. Mine Safety Disclosures.

Not applicable to our Company.

Item 5. Other Information.

During the quarter ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

Exhibit Number	Exhibit Description
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14 or 15d-14 of the Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14 or 15d-14 of the Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
101.LAB*	Inline XBRL Label Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dalrada Financial Corporation

By: /s/ *Brian Bonar*
Brian Bonar
Chief Executive Officer

Date: June 23, 2025

Pursuant to the requirements of the Exchange Act this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ *Brian Bonar* Brian Bonar	Chief Executive Officer and Director	June 23, 2025

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
18 USC, ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Brian Bonar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dalrada Financial Corporation;

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 in order 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, present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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 procedure to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon 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 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Dated: June 23, 2025

/s/ Brian Bonar
Brian Bonar
President, Chief Executive Officer, and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
18 USC, ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Kyle McCollum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dalrada Financial Corporation;

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 in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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 procedure to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based upon 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 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. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Dated: June 23, 2025

/s/ Kyle McCollum
Kyle McCollum
Chief Financial Officer, and Director
(Principal Financial Officer
and Principal Accounting Officer)

EXHIBIT 32.1

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

I, Brian Bonar, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of Dalrada Financial Corporation for the period ended September 30, 2023 (the "Report") 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 the Report fairly presents, in all material respects, the financial condition and results of operations of Dalrada Financial Corporation

Dated: June 23, 2025

/s/ Brian Bonar
Brian Bonar
President, Chief Executive Officer, and Director
(Principal Executive Officer)

EXHIBIT 32.2

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

I, Kyle McCollum, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of Dalrada Financial Corporation for the period ended September 30, 2023 (the "Report") 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 the Report fairly presents, in all material respects, the financial condition and results of operations of Dalrada Financial Corporation

Dated: June 23, 2025

/s/ Kyle McCollum
Kyle McCollum
Chief Financial Officer, and Director
(Principal Financial Officer and Principal Accounting Officer)