



ANNUAL REPORT ON FORM 10-K

The following Annual Report on Form 10-K
for the year ended June 30, 2026 was originally
filed with the U.S. Securities and Exchange
Commission on September 28, 2026.

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

Form 10-K

(Mark One)

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

For the fiscal year ended June 30, 2026
or

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

For the transition period from _____ to _____

Commission file number 001-40556

BRIGHTLINE INTERACTIVE, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

21745 Red Run Drive
Ashburn, VA
(Address of principal executive offices)

81-2958271
(I.R.S. Employer
Identification No.)

20147
(Zip Code)

Registrant's telephone number, including area code: (703) 594-7496

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

Title of each class	Ticker symbol	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	BTLN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

☐ Yes ☒ No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of December 31, 2025, the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant was approximately \$16,769,000 based on the closing sale price as reported on the Nasdaq Capital Market of \$0.926 per share.

As of September 28, 2026, 2,712,351 shares of the registrant's common stock were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2026 annual meeting of stockholders are incorporated by reference into Part III of this Form 10-K.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Report”) includes statements of our expectations, intentions, plans, and beliefs that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). It is important for an investor to understand that these statements involve risks and uncertainties, some of which are beyond our control. These statements relate to the discussion of our business strategies and our expectations concerning future operations, margins, profitability, liquidity, and capital resources and to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. We sometimes use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “think,” “will,” “would,” or the negative of these words or other similar or comparable terms and phrases, including references to assumptions, in this Report to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties, risks and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by these forward-looking statements.

Such risks, uncertainties and other factors also include those listed in the section titled “Risk Factors” and elsewhere in this Report and our other filings with the Securities and Exchange Commission (“SEC”). When considering these forward-looking statements, you should keep in mind the cautionary statements in this Report. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. We assume no obligation to update any forward-looking statements after the date of this Report as a result of new information, future events or developments, except as required by applicable laws and regulations.

When used in this Report, the terms the “Company,” “Brightline” “we,” “us,” “ours,” and similar terms refer to Brightline Interactive, Inc.

PART I

ITEM 1. BUSINESS

History

Brightline Interactive, Inc. (formerly the Glimpse Group, Inc.) was incorporated in June 2016 under the laws of the State of Nevada, and is headquartered in Ashburn, VA.

Company Overview

Our product, SpatialCore, is designed to enable Physical AI, technology that perceives, decides, and acts in real-world physical environments, and we believe it is a key differentiator, growth driver and competitive advantage for us. On June 1, 2026, a new Board of Directors and executive leadership team, led by Chief Executive Officer Tyler Gates and Board Chairman Admiral Scott Swift, USN (Ret.), assumed responsibility for the Company. Management and the new Board concluded that the Company's resources, personnel, and public-company platform were best concentrated around Brightline and SpatialCore, rather than the broader portfolio of immersive-technology businesses we had previously operated. Consistent with that conclusion, we divested or discontinued non-core operations, including Glimpse Learning LLC, and in August 2026 changed our corporate name to Brightline Interactive, Inc. and our Nasdaq ticker symbol from "GGRP" to "BTLN" to reflect this focus, and have positioned ourselves as a pureplay Physical AI infrastructure company.

Following our transformation into a pureplay Physical AI infrastructure company, we are a software technology company that provides SpatialCore, an open standards-based interoperability and operational context platform. SpatialCore is designed to connect autonomous systems, sensors, digital twins, AI models, and other real-world data sources into a shared, governed understanding of the physical environments in which they operate. We provide this platform primarily to the Department of War ("DoW") and aim to expand delivery into civil government entities and commercial enterprises that utilize intensive, large and complex data sets ("Big Data").

Companies deploying digital twins, autonomous systems, and AI workflows in DoW and Big Data scenarios face persistent challenges: integrating fragmented data, scaling across complex environments, achieving operational efficiency, and maintaining safety, security, and performance as these systems evolve and grow. Robotics, autonomous systems, and simulation technologies span diverse industries, each demanding continuous innovation to remain effective. Our technology directly addresses these challenges by providing a unified, multimodal data layer that enables AI workflows to interpret signals from environments, systems, sensors, and other disparate inputs. By normalizing and contextualizing this data, our solution empowers AI models to generate meaningful insights and take informed actions across domains.

We specialize in building AI-enabled workflows on top of dynamic, synthetic environments for digital twins, robots, drones, and autonomous vehicles, where real-time and multimodal data must be orchestrated seamlessly. This approach accelerates decision-making, enhances mission readiness, and expands the capabilities of both humans and machines.

SpatialCore is the result of more than four years of co-development with the U.S. Navy and has components used in live Navy operations. We have developed SpatialCore's technology and operational approach over the past several years through Cooperative Research and Development Agreements ("CRADAs") and funded programs with the FAA, U.S. Navy, and the U.S. Army to align the platform with DoW requirements and support the warfighter. In July 2025, we completed development of a unified synthetic training ecosystem for the DoW, providing digital-twin simulation, multi-domain scenario modeling, AI-augmented scenario creation, and open-standards interoperability across live, virtual, and constructive training assets. SpatialCore is built on open data standards designed to support interoperability across autonomous systems and Physical AI applications.

We believe that these emerging industry segments have significant growth potential across numerous DoW and Big Data industry verticals and that our SpatialCore platform creates important competitive advantages that may enable us to become a significant provider of interoperability and operational context software and services. We are hardware agnostic.

Our go-to-market strategy follows a deliberate, staged sequence. Our first stage is deepening our footprint within the DoW, where SpatialCore has been developed and validated through several years of operational deployment. Our second stage is extending into civil federal and state government markets that face the same underlying interoperability challenge; in August 2026, we entered into a teaming agreement with Computer Systems Center Incorporated (“CSCI”) to support LIFTOff Louisiana, a test site under the Federal Aviation Administration’s eVTOL Integration Pilot Program, which could represent SpatialCore’s first deployment outside the defense sector. Our third stage is extending into the defense industrial base through partnerships with original equipment manufacturers, described further below. Our fourth stage is addressing the broader commercial autonomy market, including logistics, manufacturing, and critical infrastructure. We are pursuing each stage in parallel with expanding our existing DoW relationships.

These defense industrial base partnerships extend more broadly across the Physical AI ecosystem. Because SpatialCore is designed to operate beneath, rather than compete with, the platforms and applications built by other companies in that ecosystem, we believe companies that might otherwise be viewed as competitors can instead become partners, customers, or suppliers. In July 2026, we entered into a memorandum of understanding with Swarmer, Inc., a drone autonomy software company, to potentially jointly develop and integrate our respective technologies and to pursue shared business opportunities with the DoW. We intend to pursue similar partnerships with other companies across autonomy, sensor, robotics, and artificial intelligence markets as part of this same strategy.

Our business model has two components. The first is integration: customers pay us to connect their systems, sensors, platforms, or data sources to SpatialCore, and we designed this work so that it can be reused across future customers and programs. The second is consumption: once integrated, customers may use SpatialCore on an ongoing basis across missions, operations, simulations, and AI workflows. From this usage, we intend to generate recurring revenue tied to consumption rather than a fixed subscription fee.

Our SpatialCore platform, structure, ecosystem, and integrated capabilities create competitive advantages that we believe are difficult for other companies to replicate in the Physical AI infrastructure space. We believe this significantly strengthens our position in this emerging market. Our advantages include: advanced technical expertise in AI and the software infrastructure required for real-world deployment, an open-standards architecture that could accelerate widespread adoption, and deep relationships with leading innovators that give us early access to and understanding of next-generation technologies.

Sales and Marketing

We market our offerings through our growth team, which is currently comprised of approximately three employees, with input and coordination from our executives. Additionally, we market our offerings through our partnership network and through our existing customer base. Sales and marketing activities include developing and delivering tailored presentations and live demonstrations to prospective customers and strategic partners, conducting outbound business development through conferences, industry events, and targeted networks, and designing lightweight technical demonstrations that showcase SpatialCore’s capabilities in real-world scenarios. The growth team also collaborates with Company leadership to shape messaging, support go-to-market strategy, and expand opportunities within our existing customer base and partnership ecosystem.

Business Cycles

Based on our history and information available to date, we have not been able to identify any seasonality of cycles within our business. Since Spatial Computing technology is an emerging industry, market and customer education are material and therefore the length of the typical sales cycle can be between three and 18 months, depending on the size and complexity of the proposed solution and the customer’s level of understanding of the immersive technology space and prior experience. Longer sales cycles often apply to DoW type customers, where product evaluation, contracting and budgeting can be lengthy.

Research, Development and Engineering

We utilize an engineering disciplined process consisting of identifying, developing, and rapid prototyping new technologies with the biggest potential to commercialize at scale. Our Research, Development and Engineering (“R&D”) team is currently comprised of approximately fifteen employees. Their activities include designing and developing core SpatialCore features, integrating emerging technologies into operational workflows, conducting experimentation with government and enterprise partners, and working to ensure that new technologies are cost-effective, repeatable, and deployable at scale.

Information Technology

Our Information Technology (“IT”) systems primarily consist of business and operational support, procurement, and customer management systems. Our IT team is supported by several employees who maintain and enhance the systems that underpin our business operations, internal security, and customer delivery, specifically systems that comply with stringent DoW operational and security requirements. Their activities include implementing security and compliance controls, maintaining cloud and on-premises infrastructure, supporting development pipelines for engineering teams, and upgrading internal systems to improve reliability, functionality, and scalability.

The IT team also evaluates and deploys new technologies that reduce operational costs and improve overall efficiency, ensuring our infrastructure keeps pace with the growth of our customer base and product ecosystem. We update and build our information technology infrastructure through further investments focused on cost efficiencies, security, reliability, functionality, and scalability.

Competition

The market for open standards-based interoperability infrastructure for Physical AI is fragmented across several adjacent software categories, and we compete with different companies depending on the specific capability at issue, rather than against a single, consistent set of competitors. In providing data interoperability for industrial and commercial robotics, we compete with companies such as Viam, which offers a cloud-connected robot operating system and data platform for diverse machine fleets. In providing simulation, digital-twin, and autonomy software for autonomous vehicles and defense customers, we compete with companies such as Applied Intuition and Duality AI, which offer sensor-simulation, synthetic training data, and vehicle-autonomy platforms across automotive, industrial, and defense markets. In providing synthetic training environments for the DoW specifically, we compete with companies such as Battle Road and Bohemia Interactive Simulations, which offer training-simulation software and services.

We believe that the market for interoperability infrastructure is less mature and less consolidated than the markets for the AI models, autonomous physical systems, and command-and-control software that operate on top of it, and that no company has yet established a dominant position across the full range of capabilities we provide.

We believe our advantages include: a business model built around integration and consumption rather than the sale of physical systems or AI models, which we believe reduces any incentive to lock customers into proprietary hardware or models and instead aligns our interests with broad interoperability across the ecosystem; having developed SpatialCore through more than four years of co-development with the U.S. Navy and Cooperative Research and Development Agreements with the U.S. Navy and the U.S. Army, and having served as a prime contractor through an OTA with the U.S. Navy, which we believe would be difficult for a new entrant to replicate quickly; an open standards-based architecture, consistent with the DoW’s own modular open systems architecture requirements and its broader efforts toward open, vendor-neutral data infrastructure, which we believe favors interoperability over proprietary, vertically-integrated alternatives; and the ability to apply learnings and technology developed for the DoW to civil government and commercial customers. We believe that our structure, ecosystem, and integrated capabilities create competitive advantages that would be difficult for other companies to replicate in the Physical AI infrastructure space, and that these advantages position us to compete effectively as this market develops.

Key Business Developments During and Subsequent to Fiscal Year 2026

Recent Business Developments

Swarmer Partnership

On July 27, 2026, we entered into a memorandum of understanding (“MOU”) with Swarmer, Inc. (“Swarmer”), a drone autonomy software company, pursuant to which we and Swarmer agreed to potentially pursue joint research and development, integration of our respective technologies, and shared business opportunities through our existing relationships and contracting vehicles with the DoW.

CSCI / LIFTOff Louisiana Teaming Agreement

On August 26, 2026, we entered into a teaming agreement with Computer Systems Center Incorporated (“CSCI”), under which we, as a subcontractor to CSCI, intend to use SpatialCore to ingest, normalize, and integrate operational data across uncrewed aircraft systems, eVTOL aircraft, radar systems, and associated sensors for LIFTOff Louisiana, a test site under the Federal Aviation Administration’s eVTOL Integration Pilot Program (“eIPP”). This teaming agreement represents SpatialCore’s first potential application in a civil government setting.

George Mason Partnership

On September 9, 2026, we entered into a memorandum of understanding with George Mason University's ("GMU") College of Engineering and Computing and its Global AI Innovation & Literacy Center. Under the MOU, we and GMU agreed to align SpatialCore with the mission needs of new and existing sponsors across applied research, workforce development, and technology innovation, and to identify future sponsored research, technology development, and collaborative-project opportunities.

SpatialCore Contracts

In July 2025, under a separate contract with a DoW customer, we completed development and delivery of a unified synthetic training ecosystem enabling users to train, plan, and execute missions in a virtualized environment. The system incorporates AI-augmented, no-code scenario creation tools, digital twin and multi-domain simulation capabilities enriched with geospatial data, and an open-standards architecture designed for interoperability with live, virtual, and constructive training assets.

The above is in addition to the August 13, 2025 contract that we entered into with the DoD for \$2+ million SpatialCore contract to be delivered over a 12 month period supporting the creation and interoperability of government owned digital twins or real world systems.

During fiscal year 2026, our Other Transaction Agreement ("OTA") with the Naval Surface Technology & Innovation Consortium ("NSTIC"), under which we serve as a prime contractor supporting the U.S. Navy, was extended through September 2027. The NSTIC OTA is a consortium-wide contracting vehicle managed by the Naval Surface Warfare Center, Dahlgren Division, with an overall ceiling value publicly reported by NSTIC as exceeding \$1 billion. This ceiling reflects the total capacity of the consortium-wide vehicle across its approximately 1,000 members and is not specific to us or any particular award we may receive under it.

Securities Purchase Agreement

On May 14, 2026, we closed a registered direct offering pursuant to a securities purchase agreement pursuant to which we sold to a certain investors, 622,306 shares of our common stock, accompanying warrants to purchase up to 4,193,182 shares of common stock and, in lieu of common stock to certain of the investors, pre-funded warrants to purchase up to 2,732,240 shares of our common stock. The combined purchase price for each share of common stock and accompanying warrant was \$0.55, and each pre-funded warrant and accompanying warrant was \$0.549.

The pre-funded warrants had an exercise price of \$0.001 per share of common stock and became immediately exercisable upon issuance. The warrants had an exercise price of \$0.55 per share of common stock and will be exercisable six months from the original issuance date and will expire seven and a half years from the date of original issuance.

We received net proceeds (after deducting the estimated offering expenses payable by us) of approximately \$1.79 million from the offering.

All figures in this section are on a pre-reverse stock split basis.

Leadership Changes

In connection with our pivot to a pureplay Physical AI infrastructure company a new Board of Directors and executive leadership team, led by Chief Executive Officer Tyler Gates and Board Chairman Admiral Scott Swift, USN (Ret.), assumed responsibility for the Company on June 1, 2026. In advance of that transition, on May 15, 2026, Jeff Enslin resigned as a member of our Board effective immediately, Maydan Rothblum notified the Board of his resignation as a member of the Board and all committees thereof, and from his roles as Chief Financial Officer, Chief Operating Officer, Secretary and Treasurer effective immediately, and Lyron Bentovim notified the Board of his resignation as the Chairperson and a member of the Board and all committees of the Board, and from his roles as President and Chief Executive Officer, in each case effective June 15, 2026. On June 1, 2026, the Board accepted such resignation effective as of June 1, 2026.

On June 1, 2026, the Board appointed Admiral Scott Swift, USN (Ret.), Major General Pete Fesler, USAF (Ret.), and Brian Archer as directors on the Board, and appointed Tyler Gates as President and Chief Executive Officer and as a director on the Board. Finally, on June 1, 2026, the Board appointed William Keneally as Chief Financial Officer. Ian Charles and Alexander Ruckdaeschel, resigned as members of the Board and all committees thereof, effective upon the appointment of their successors, and Tamar Elkeles remained on the Board as an independent director.

Nasdaq Ticker Symbol and Corporate Name Change

On August 17, 2026, we filed with the Secretary of the State of Nevada a certificate of amendment to change the name of the company to “Brightline Interactive, Inc.” (the “Name Change Amendment”). The Name Change Amendment took effect at August 20, 2026. Further, effective August 20, 2026, we changed our ticker symbol on The Nasdaq Stock Market LLC (“Nasdaq”) from “GGRP” to “BTLN.” The change was implemented to better align our ticker with our going forward strategy. The change did not alter the terms of our common stock. The name and ticker change followed a series of steps noted above that we took beginning June 1, 2026 to concentrate our resources, personnel, and public-company platform around Brightline and SpatialCore, including the divestiture described above.

At-The-Market Offering

As previously reported, on July 11, 2025, we entered into an At-the-Market (“ATM”) Sales Agreement (the “Sales Agreement”) with WestPark Capital, Inc., as sales agent (the “Agent”), pursuant to which we could offer and sell, from time to time through the Agent, up to \$3,081,340 of our common stock (the “Shares”), by any method permitted by law and deemed to be an “at the market offering” as defined in Rule 415(a)(4) under the Securities Act.

On November 21, 2025, the Sales Agreement was amended to increase the maximum amount we may offer and sell, from time to time through the Agent, from \$3,081,340 to \$3,502,910. Further, on January 2, 2026, the Sales Agreement was further amended to increase the maximum amount we may offer and sell, from time to time through the Agent, from \$3,502,910 to \$9,478,200. As of the date of this filing, no Shares have been sold under the ATM facility and the ATM facility has been terminated in May of 2026.

Nasdaq Notice

On March 13, 2026, we received a notification letter from the Listing Qualifications Department of Nasdaq notifying us that, because the closing bid price for our common stock was below \$1.00 for the prior 30 consecutive business days, we no longer met the minimum bid price requirement for continued listing on the Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of at least \$1.00 per share (the “Minimum Bid Price Requirement”).

On September 11, 2026 we received a written notification (the “Staff Determination”) from the Listing Qualifications Department of Nasdaq informing us that Nasdaq’s staff had determined to delist our common stock from Nasdaq pursuant to Nasdaq Marketplace Rule 5550(a)(2). Under the Staff Determination, we have the right to appeal the Staff Determination by requesting a hearing before a Nasdaq Hearings Panel (the “Hearings Panel”). On September 17, 2026, we timely submitted a request for a hearing (the “Hearing”) before the Hearings Panel. The Hearing request will stay the suspension of our securities and the filing of a Form 25-NSE with the SEC pending the issuance of a written decision by the Hearings Panel. Our common stock will remain listed on Nasdaq, pending the outcome of the Hearing.

Intellectual Property

Our intellectual property is an integral part of the SpatialCore business strategy and practice. In accordance with industry practice, we protect our proprietary products, technology and competitive advantage through a combination of contractual provisions and trade secrets, patents, copyright and trademark laws in the United States and other jurisdictions where we conduct business.

As of the date of the filing of this Report, and as summarized in the table below, we have been issued 5 patents by the United States Patent and Trademark Office (“USPTO”).

Issued Patents

<i>Name</i>	<i>Entity</i>	<i>Filing Date*</i>	<i>US Patent #</i>
MARKER-BASED POSITIONING OF SIMULATED REALITY	Sector 5 Digital LLC	4/23/2020	16/856,916
AUGMENTED REALITY GEOLOCATION USING IMAGE MATCHING	Sector 5 Digital LLC	8/22/2018	16/108,830
SYSTEM FOR SHARING USER-GENERATED CONTENT	The Glimpse Group, Inc.	6/12/2019	16/439,280
SIMULATED REALITY TRANSITION ELEMENT LOCATION	The Glimpse Group, Inc.	6/15/2020	16/901,830
IMMERSIVE ECOSYSTEM	Brightline Interactive, LLC	6/4/2024	12/002,180

** Each of the patents listed above expires 20 years from its filing date.*

Filed Patents (in process, Provisional and Non-Provisional)

<i>Name</i>	<i>Entity</i>	<i>Filing Date</i>	<i>US Patent #</i>
AUDIO PROCESSING IN A VIRTUAL ENVIRONMENT	Foretell Studios, LLC	6/15/2022	17/841,258
REAL-TIME VISUALIZATION OF HEAD MOUNTED DISPLAY USER REACTIONS	Foretell Studios, LLC	4/6/2022	17/714,953
DISPOSITIONAL AFFECT FOR VIRTUAL CHARACTER INTERACTIONS IN VR APPS	The Glimpse Group, Inc.	6/13/2023	18/401,868
BE ANYONE AND ANYTHING	Foretell Studios, LLC	12/13/2022	18/401,879
CONTROLLED NON-HUMAN CONVERSATION FLOW IN VR	The Glimpse Group, Inc.	4/3/2023	63/456,571
ROBO DIRECTOR	Sector 5 Digital, LLC	11/15/2024	63/730,039
SYSTEM FOR USING CONTEXT AWARE INTERACTIONS WITHIN 3D ENVIRONMENTS	Foretell Studios, LLC	3/25/2025	63/777,080
METHOD FOR VERIFYING OWNERSHIP AND HUMAN PRESENCE IN A VIRTUAL EXPERIENCE	Foretell Studios, LLC	2/28/2025	63/764,699
SYSTEM FOR COMMERCIALY DRIVEN AI RESPONSE MODIFICATIONS USING ADAPTIVE FILTER TECHNOLOGY	Foretell Studios, LLC	3/25/2025	63/777,084
AUGMENTING MIXED REALITY EXPERIENCES WITH CONTEXTUAL VIRTUAL ASSETS SYSTEM	Sector 5 Digital, LLC	6/10/2025	63/821164
SYSTEM THAT USES AI TO ANALYZE A USER’S AFFECT, MEASURED BY REFERENCING SUCH THINGS AS BODY MOTION, POSTURE, FACIAL EXPRESSION, VOICE, ETC. AND CALCULATES AN EVALUATION OF THIS DATA WHEN COMPARED TO A RUBRIC.	Foretell Studios, LLC	6/2/2025	63/816,086
METHOD OF ISSUANCE OF ADAPTIVE AWARDS BASED ON AI RECOGNITION OF HUMAN ACHIEVEMENTS	Foretell Studios, LLC	5/22/2025	63/810,572
METHODOLOGY FOR TRAINING AI TO READ ATTITUDINAL AFFECT	The Glimpse Group, Inc.	6/10/2025	63/821,154

We may continue to file for patents regarding various aspects of our products, services and technologies in the future depending on the costs and timing associated with such filings. We may make investments to further strengthen our copyright protection going forward, although no assurances can be given that we will be successful in such patent and trademark protection endeavors. We seek to limit disclosure of our intellectual property by requiring employees, consultants, and partners with access to our proprietary information to execute confidentiality agreements and non-competition agreements (when applicable) and by restricting access to our proprietary information. Due to rapid technological change, we believe that establishing and maintaining an industry and technology advantage in factors such as the expertise and technological and creative skills of our personnel, as well as new services and enhancements to our existing services, are more important to our business and profitability than other available legal protections. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our services or to obtain and use information that we regard as proprietary. The laws of many countries do not protect proprietary rights to the same extent as the laws of the United States. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results and financial condition. There can be no assurance that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar services or products. Any failure by us to adequately protect our intellectual property could have a material adverse effect on our business, operating results and financial condition. See “Risk Factors-Risks Related to our Business.”

Economic Dependence

For the year ended June 30, 2026, one customer accounted for approximately 78%, of our total revenue. A different customer accounted for approximately 80% of our total revenue during the year ended June 30, 2025.

We operate in an early-stage industry, and customers are exploring various options for Physical AI solutions and acting as early adopters of these solutions. As such, there has been a high degree of variance on our source of revenues. A customer that may account for a higher concentration of revenue in one period may not account for any revenue in subsequent periods. A significant reduction in revenue from our larger customers could have a material negative impact on our operations.

Human Capital

At June 30, 2026, we had approximately 19 full time employees, primarily software developers, engineers and 3D artists.

Corporate Information

Our website is www.brightlineinteractive.com. Information contained on, or accessible through our website, is not and shall not be deemed to be part of, or incorporated or deemed incorporated by reference into, this Report, and should not be relied upon by prospective investors for the purposes of determining whether to invest in us or our securities. We have included our website address in this Report solely as an inactive textual reference.

Discontinued Operations

As part of the strategic and management changes detailed to transform into a pureplay Physical AI infrastructure company, the company's Learning, Lenses and SSD businesses were discontinued.

On June 30, 2026, we announced that, we had entered into a Master Purchase Agreement (the "Purchase Agreement") with Glimpse Learning, Inc., a newly-formed Wyoming company (the "Buyer"), pursuant to which we agreed to sell to Buyer all of the issued and outstanding membership interests (the "Shares") in Glimpse Learning, LLC, a Nevada limited liability company and our wholly owned subsidiary, together with certain assigned assets used exclusively in the subsidiary's business.

ITEM 1A. RISK FACTORS

Investing in us involves a high degree of risk. You should carefully consider the following risks and uncertainties, together with all other information in this Report, including our consolidated financial statements and related notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, before investing in us. Any of the risks and uncertainties we describe below could adversely affect our business, financial condition, results of operations, prospects or the trading price of our securities. References to past events are provided by way of example only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future. The risks described below are not the only ones we face and additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business, financial condition, operating results, prospects and the trading price of our securities.

Risks Related to Our Business

We are an early stage technology company.

We were incorporated in June 2016 and are an early stage technology development company, comprised of a wholly-owned group of early stage entities in the Physical AI space. As such, we are subject to the risks associated with being an early stage company operating in an emerging industry, including, but not limited to, the risks set forth herein.

We have incurred significant net losses since inception and may continue to incur net losses for the foreseeable future and may never maintain profitability.

We have incurred significant net losses since inception. For the fiscal years ended June 30, 2026 and 2025, we incurred a net loss of approximately \$16.6 million and approximately \$2.6 million, respectively. As of June 30, 2026, we had an accumulated deficit of approximately \$82.2 million. We continue to devote efforts towards building and evolving SpacialCore. We may generate negative cash flow in future periods which may eventually require us to raise capital in order to maintain our operations.

We expect to require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all.

We expect to require further funding to support our ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain funding will adversely affect our business and financial condition and consequently our performance. We may seek to raise further funds through equity or debt financing, joint ventures or other means. There can be no assurance that additional financing will be available when needed or, if available, that the terms of such financing will be favorable to us, which may result in substantial dilution to our shareholders.

Our market is competitive and dynamic. New competing products and services could be introduced at any time that could result in reduced profit margins and loss of market share.

The Spatial computing industry is very dynamic, with new technology and services being introduced by a range of players, from larger established companies to start-ups, on a frequent basis. Our competitors may announce new products, services, or enhancements that better meet the needs of end-users or changing industry standards. Further, new competitors or alliances among competitors could emerge. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, the worldwide Spatial computing market is increasingly competitive. A number of companies developing Spatial computing products and services compete for a limited number of customers. Some of our competitors in this market have substantially greater financial and other resources, larger research and development staffs, and more experience and capabilities in developing, marketing and distributing products. Potential pricing pressure could result in significant price erosion, reduced profit margins and loss of market share, any of which could have a material adverse effect on our business, results of operations, financial position and liquidity.

Competitive pricing pressure may reduce our gross profits and adversely affect our financial results.

If we are unable to maintain our pricing due to competitive pressures or other factors, our margins will be reduced and our gross profits, business, results of operations, and financial condition would be adversely affected. The subscription prices for our software platforms, cloud modules, and professional services may decline for a variety of reasons, including competitive pricing pressures, discounts, anticipation of the introduction of new solutions by our competitors, or promotional programs offered by us or our competitors. Competition continues to increase in the market segments in which we operate, and we expect competition to further increase in the future.

Our plans for growth will place significant demands upon our resources. If we are unsuccessful in achieving our plan for growth, our business could be harmed.

We are actively marketing our products domestically and internationally. The plan places significant demands upon managerial, financial, and human resources. Our ability to manage future growth will depend in large part upon several factors, including our ability to rapidly:

- build or leverage, as applicable, a network of business partners to create an expanding presence in the evolving marketplace for our products and services;
- build or leverage, as applicable, sales teams to keep end-users and business partners informed regarding the technical features, issues and key selling points of our products and services;
- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- develop support capacity for end-users as sales increase, so that we can provide post-sales support without diverting resources from product development efforts; and
- expand our internal management and financial controls significantly, so that we can maintain control over our operations and provide support to other functional areas as the number of personnel and size increases.

Our inability to achieve any of these objectives could harm our business, financial condition and results of operations.

We have material customer concentration, with a limited number of customers accounting for a material portion of our revenues.

For both the fiscal years ended June 30, 2026 and 2025, our five largest customers accounted for approximately 100% of our revenue. There are inherent risks whenever a large percentage of total revenues are concentrated with a limited number of customers. It is not possible for us to predict the future level of demand for our services that will be generated by these customers or the future demand for the products and services of these customers in the end-user marketplace. In addition, revenues from these customers may fluctuate from time to time based on the commencement and completion of projects, the timing of which may be affected by market conditions or other facts, some of which may be outside of our control. Further, some of our contracts with these customers permit them to terminate our services at any time (subject to notice and certain other provisions). If any of these customers experience declining or delayed sales due to market, economic or competitive conditions, we could be pressured to reduce the prices we charge for our services or we could lose a major customer. Any such development could have an adverse effect on our margins and financial position, and would negatively affect our revenues and results of operations and/or trading price of our common stock.

As we shift our focus to our transformation into a pureplay Physical AI infrastructure company, we will depend more on U.S. Government contracts as our main source of revenue and changes in governmental policies, budget priorities, funding levels, shutdowns, delays in passing appropriations, or cancellation of existing contracts could have a material adverse effect on our business.

As we shift our focus to our transformation into a pureplay Physical AI infrastructure company, we expect a larger portion of our revenue will be derived from contracts with the U.S. Government, including contracts funded through the Department of War and other national security agencies. As a result, our business, financial condition, and operating results will be influenced by U.S. Government policies, contract awards, budgetary cycles, and appropriations. U.S. Government funding is subject to periodic authorization and appropriations processes, which are often unpredictable. In recent periods, these processes have been impacted by continuing resolutions, budget disagreements, and the risk of periodic lapses in appropriated funding.

Government shutdowns, failure to pass a budget or continuing resolution, or delays in the approval of program-level funding may temporarily halt or slow performance under our contracts, delay new awards, or otherwise limit our ability to invoice and collect payment. During such periods, we may be required to continue working at our own cost and risk, suspend activities, or experience reductions in revenue and cash flow. In addition, shifts in political priorities or public policy—whether driven by changes in administration, congressional composition, geopolitical developments, or fiscal objectives—may result in the reduced scope, restructuring, or outright cancellation of existing programs.

The U.S. Government also generally has the right to terminate contracts for convenience, and may modify or reduce the scope of work under existing arrangements. If the U.S. Government exercises its rights to cancel, terminate, or materially change our contracts with them, we may not be able to replace that revenue in the near term or at all.

Any of these events could materially and adversely affect our business, revenue visibility, ability to plan long-term investments, financial condition, and results of operations.

Our future growth depends on our ability to attract and retain customers, and the loss of existing customers, or failure to attract new ones, could adversely impact our business and future prospects.

The size of our community of customers on our platforms is critical to our success. Our ability to achieve profitability in the future will depend, in large part, on our ability to add new customers, while retaining and even expanding offerings to existing customers. Our customers can generally decide to cease using our solutions at any time. Achieving growth in our customer base may require us to engage in increasingly sophisticated and costly sales and marketing efforts that may not result in additional customers. We may also need to modify our pricing model to attract and retain such customers. If we fail to attract new customers or fail to maintain or expand existing relationships in a cost-effective manner, our business and future prospects may be materially and adversely impacted.

We anticipate our products and technologies will require ongoing research and development and we may experience technical problems or delays and may not have the funds necessary to continue their development, which could lead our business to fail.

Our research and development (“R&D”) efforts are subject to the risks typically associated with the development of new products and technologies based on emerging and innovative technologies, including, for example, unexpected technical problems or the possible insufficiency of funds for completing development of these products or technologies. If we experience technical problems or delays, further improvements in our products or technologies and the introduction of future products or technologies could be delayed, and we could incur significant additional expenses and our business may fail.

We anticipate that we may require additional funds to increase or sustain our current levels of expenditure for the R&D of new products and technologies, and to obtain and maintain patents and other intellectual property rights in these technologies, the timing and amount of which are difficult to forecast. Any funds we need may not be available on commercially reasonable terms or at all. If we cannot obtain the necessary additional capital when needed, we might be forced to reduce our R&D efforts which may materially and adversely affect our business. If we raise capital in an offering of our common stock, preferred stock or securities convertible into our common stock, our then-existing stockholders’ interests will be diluted.

Our success depends on our ability to anticipate technological changes and develop new and enhanced products and services.

The markets for our products and services are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards can negatively impact the marketability of our existing products and can exert price pressures on existing products. It is critical to our success that we are able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop, introduce, and achieve market acceptance of new, enhanced and competitive products and services on a timely basis and cost-effective basis. We invest substantial resources towards continued innovation; however, there can be no assurance that we will successfully develop new products and services or enhance and improve our existing products and services, that new products and services and enhanced and improved existing products and services will achieve market acceptance or that the introduction of new products and services or enhanced existing products and services by others will not negatively impact us. Our inability to develop products and services that are competitive in technology and price and that meet end-user needs could have a material adverse effect on our business, financial condition or results of operations.

Development schedules for technology products and services are inherently uncertain. We may not meet our products and/or services development schedules, and development costs could exceed budgeted amounts. Our business, results of operations, financial position and liquidity may be materially and adversely affected if the products or product enhancements that we develop are delayed or not delivered due to developmental problems, quality issues or component shortage problems, or if our products or product enhancements do not achieve market acceptance or are unreliable. We or our competitors will continue to introduce products embodying new technologies. In addition, new industry standards may emerge. Such events could render our existing products obsolete or not marketable, which would have a material adverse effect on our business, results of operations, financial position and liquidity.

The failure to attract, hire, retain and motivate key personnel could have a significant adverse impact on our operations.

Our success depends on the retention and maintenance of key personnel, including members of senior management and our technical, sales and marketing teams. Achieving this objective may be difficult due to many factors, including competition for such highly skilled personnel, fluctuations in global economic and industry conditions, changes in our management or leadership, competitors’ hiring practices, and the effectiveness of our compensation programs. The loss of any of these key persons could have a material adverse effect on our business, financial condition or results of operations. Competition for qualified employees is particularly intense in the technology industry. Our failure to attract and to retain the necessary qualified personnel could seriously harm our operating results and financial condition. Competition for such personnel can be intense, and no assurance can be provided that we will be able to attract or retain highly qualified technical and managerial personnel in the future, which may have a material adverse effect on our future growth and profitability.

The continued operation of our business depends on the performance and reliability of the Internet, mobile networks, and other infrastructure that is not under our control.

Our business depends on the performance and reliability of the Internet, mobile networks, cloud and other infrastructure that is not under our control. Disruptions in such infrastructure, including as the result of power outages, telecommunications delay or failure, security breach, or computer virus, as well as failure by telecommunications network operators to provide us with the bandwidth we need to provide our products and offerings, could cause delays or interruptions to our products, offerings, and platforms. Any of these events could damage our reputation, resulting in fewer users actively using our platforms, disrupt our operations, and subject us to liability, which could adversely affect our business, financial condition, and operating results.

Interruptions, performance problems or defects associated with our platforms may adversely affect our business, financial condition and results of operations.

Our reputation and ability to attract and retain customers and grow our business depends in part on our ability to operate our platforms at high levels of reliability, scalability and performance, including the ability of our existing and potential customers to access our platforms at any time and within an acceptable amount of time. Interruptions in the performance of our platforms, whether due to system failures, computer viruses or physical or electronic break-ins, could affect the availability of our platforms. We have experienced, and may in the future experience, disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of customers accessing our platforms simultaneously, denial of service attacks or other security-related incidents.

It may become increasingly difficult to maintain and improve our performance, especially during peak usage times and as our customer base grows and our platforms becomes more complex. If our platforms are unavailable or if our customers are unable to access our platforms within a reasonable amount of time or at all, we may experience a loss of customers, lost or delayed market acceptance of our platforms, delays in payment to us by customers, injury to our reputation and brand, legal claims against us, significant cost of remedying these problems and the diversion of our resources. In addition, to the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, financial condition and results of operations, as well as our reputation, may be adversely affected.

Further, the software technologies underlying our platforms are inherently complex and may contain material defects or errors, particularly when new products are first introduced or when new features or capabilities are released. We have from time to time found defects or errors in our platforms, and new defects or errors in our existing platforms or new products may be detected in the future by us or our users. We cannot assure you that our existing platforms and new products will not contain defects. Any real or perceived errors, failures, vulnerabilities, or bugs in our platforms could result in negative publicity or lead to data security, access, retention or other performance issues, all of which could harm our business. The costs incurred in correcting such defects or errors may be substantial and could harm our business. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and could significantly harm our business.

If we fail to timely release updates and new features to our platforms and adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, or changing customer needs, requirements or preferences, our platforms may become less competitive.

The markets in which we compete are subject to rapid technological change, evolving industry standards, and changing regulations, as well as changing customer needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. Accordingly, our ability to increase our revenue depends in large part on our ability to maintain, improve and differentiate our existing platforms and introduce new functionality.

We must continue to improve existing features and add new features and functionality to our platforms in order to retain our existing customers and attract new ones. If the technology underlying our platforms become obsolete or do not address the needs of our customers, our business would suffer.

Revenue growth from our products depends on our ability to continue to develop and offer effective features and functionality for our customers and to respond to frequently changing data protection regulations, policies and end-user demands and expectations, which will require us to incur additional costs to implement. If we do not continue to improve our platforms with additional features and functionality in a timely fashion, or if improvements to our platforms are not well received by customers, our revenue could be adversely affected.

If we fail to deliver timely releases of our products that are ready for commercial use, release a new version, service, tool or update with material errors, or are unable to enhance our platforms to keep pace with rapid technological and regulatory changes or respond to new offerings by our competitors, or if new technologies emerge that are able to deliver competitive solutions at lower prices, more efficiently, more conveniently or more securely than our solutions, or if new operating systems, gaming platforms or devices are developed and we are unable to support our customers' deployment of games and other applications onto those systems, platforms or devices, our business, financial condition and results of operations could be adversely affected.

A failure in our information technology systems could cause interruptions in our services, undermine the responsiveness of our services, disrupt our business, damage our reputation and cause losses.

Our information technology systems support all phases of our operations, including finance, marketing, customer development and the business of customer support services. If our systems fail to perform, we could experience disruptions in operations, slower response time or decreased customer satisfaction. System interruptions, errors or downtime can result from a variety of causes, including changes in customer usage patterns, technological failures, changes to our systems, linkages with third-party systems and power failures. Our systems may be vulnerable to disruptions from human error, execution errors, errors in models, employee misconduct, unauthorized trading, external fraud, computer viruses, distributed denial of service attacks, computer viruses or cyberattacks, terrorist attacks, natural disaster, power outage, capacity constraints, software flaws, events impacting key business partners and vendors, and similar events.

It could take an extended period of time to restore full functionality to our technology or other operating systems in the event of an unforeseen occurrence. Instances of fraud or other misconduct might also negatively impact our reputation and customer confidence in us, in addition to any direct losses that might result from such instances. Despite our efforts to identify areas of risk, oversee operational areas involving risks, and implement policies and procedures designed to manage these risks, there can be no assurance that we will not suffer unexpected losses, reputational damage or regulatory actions due to technology or other operational failures or errors, including those of our vendors or other third parties.

If we fail to prevent security breaches, improper access to or disclosure of our data or user data, or other hacking and attacks, we may lose users, and our business, reputation, financial condition and results of operations may be materially and adversely affected.

Our business can include the hosting and/or transmission of proprietary information and sensitive or confidential data. In connection with our services business, some of our employees also have access to customers' confidential data and other information, which could be compromised, whether intentionally or unintentionally, by our employees, consultants or vendors.

We have privacy and data security policies in place that are designed to prevent security breaches and we have employed significant resources to develop our security measures against breaches. However, as technologies evolve, and the portfolio of the service providers with which we share confidential information with grows, we could be exposed to increased risk of breaches in security and other illegal or fraudulent acts, including cyberattacks. The evolving nature of such threats, in light of new and sophisticated methods used by criminals and cyberterrorists, including computer viruses, malware, phishing, misrepresentation, social engineering and forgery, is making it increasingly challenging to anticipate and adequately mitigate these risks.

We may be subject to these types of attacks. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liabilities, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks. Cyberattacks may target us, our suppliers, customers or other participants, or the internet infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. While we do carry cybersecurity insurance, we may not be able to mitigate such risks to any third party. Cybersecurity breaches would not only harm our reputation and business, but also could materially decrease our revenue and net income.

A compromise of the security of our information technology systems leading to theft or misuse of our own or our clients' proprietary or confidential information, or the public disclosure or use of such information by others, could result in losses, third-party claims against us and reputational harm, including the loss of clients. The theft or compromise of our or our clients' information could negatively impact our reputation, financial results and prospects. In addition, if our reputation is damaged due to a data security breach, our ability to attract new engagements and clients may be impaired or we may be subjected to damages or penalties, which could negatively impact our businesses, financial results or financial condition.

Our financial results may fluctuate substantially for many reasons, and past results should not be relied on as indications of future performance.

Our revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to:

- U.S. Government shutdowns or budgetary delays or reductions;
- varying size, timing and contractual terms of orders for our products and services, which may delay the recognition of revenue;
- competitive conditions in the industry, including strategic initiatives by us or our competitors, new products or services, product or service announcements and changes in pricing policy by us or our competitors;
- market acceptance of our products and services;
- our ability to maintain existing relationships and to create new relationships with customers and business partners;
- the discretionary nature of purchase and budget cycles of our customers and end-users;
- the length and variability of the sales cycles for our products;
- general weakening of the economy resulting in a decrease in the overall demand for our products and services or otherwise affecting the capital investment levels of businesses with respect to our products or services;
- timing of product development and new product initiatives;

- changes in customer mix;
- increases in the cost of, or limitations on, the availability of materials;
- changes in product mix; and
- increases in costs and expenses associated with the introduction of new products.

Further, the markets that we serve are volatile and subject to market shifts that we may be unable to anticipate. A slowdown in the demand for immersive technology products and services can have a significant adverse effect on the demand for our products and services in any given period. Our customers may cancel or delay purchase orders for a variety of reasons, including, but not limited to, the rescheduling of new product introductions, changes in our customers' inventory practices or forecasted demand, general economic conditions affecting our customers' markets, changes in our pricing or the pricing of our competitors, new product announcements by us or others, quality or reliability problems related to our products, or selection of competitive products as alternate sources of supply.

Thus, there can be no assurance that we will be able to reach profitability on a quarterly or annual basis. We believe that our revenue and operating results will continue to fluctuate, and that period-to-period comparisons are not necessarily indications of future performance. Our revenue and operating results may fail to meet the expectations of public market analysts or investors, which could have a material adverse effect on the price of our common stock. In addition, portions of our expenses are fixed and difficult to reduce if our revenues do not meet our expectations. These fixed expenses magnify the adverse effect of any revenue shortfall.

Our plans for implementing our business strategy and achieving profitability are based upon the experience, judgment and assumptions of our key management personnel, and available information concerning the communications and technology industries. If management's assumptions prove to be incorrect, it could have a material adverse effect on our business, financial condition or results of operations.

We indemnify our officers and directors against liability to us and our security holders, and such indemnification could increase our operating costs.

Our articles of incorporation and bylaws require us to indemnify our officers and directors against claims associated with carrying out the duties of their offices. We are also required to advance the costs of certain legal defenses upon the indemnitee undertaking to repay such expenses to the extent it is determined that such person was not entitled to indemnification of such expenses. The SEC has advised that indemnification for liabilities arising under the Securities Act for our officers, directors, or control persons, is against public policy and is therefore unenforceable.

Provisions in our articles of incorporation, our by-laws and Nevada law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions of our articles of incorporation, our by-laws and Nevada law may have the effect of deterring unsolicited takeovers or delaying or preventing a change in control of our company or changes in our management, including transactions in which our stockholders might otherwise receive a premium for their shares over then current market prices. In addition, these provisions may limit the ability of stockholders to approve transactions that they may deem to be in their best interests. These provisions include:

- the "business combinations" and "control share acquisitions" provisions of Nevada law, to the extent applicable, could discourage attempts to acquire our stockholders stock even on terms above the prevailing market price; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could include the right to approve an acquisition or other change in our control or could be used to institute a rights plan, also known as a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors.

The existence of the forgoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

We are authorized to issue “blank check” preferred stock without stockholder approval, which could adversely impact the rights of holders of our securities.

Our articles of incorporation authorize us to issue up to 20,000,000 shares of blank check preferred stock. Any preferred stock that we issue in the future may rank ahead of our common stock in terms of dividend priority or liquidation premiums and may have greater voting rights than our common stock. Any preferred stock issued may contain provisions allowing those shares to be converted into shares of common stock, which could dilute the value of our common stock to current stockholders and could adversely affect the market price, if any, of our common stock. The preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying, or preventing a change in control of our company. Although we have no present intention to issue any shares of our authorized preferred stock, there can be no assurance that we will not do so in the future.

Risks Related to Our Intellectual Property

If we cannot obtain and maintain appropriate patent and other intellectual property rights protection for our technology, our business will suffer.

The value of our software and services is dependent on our ability to secure and maintain appropriate patent and other intellectual property rights protection. We intend to continue to pursue additional patent protection for our new software and technology. Although we own multiple patents covering some of our technology that have already been issued, we may not be able to obtain additional patents that we apply for, or that any of these patents, once issued, will give us commercially significant protection for our technology, or will be found valid if challenged. Moreover, we have not obtained patent protection for our technology in all foreign countries in which our products might be sold. In any event, the patent laws and enforcement regimes of other countries may differ from those of the United States as to the patentability of our personal display and related technologies and the degree of protection afforded.

Any patent or trademark owned by us may be challenged and invalidated or circumvented. Patents may not be issued from any of our pending or future patent applications. Any claims and issued patents or pending patent applications may not be broad or strong enough and may not be issued in all countries where our products can be sold or our technologies may not be licensed to provide meaningful protection against any commercial damage to us. Further, others may develop technologies that are similar or superior to our technologies, duplicate our technologies or design around the patents owned by us. Effective intellectual property protection may be unavailable or limited in certain foreign countries. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise use aspects of our processes and devices that we regard as proprietary. Policing unauthorized use of our proprietary information and technology is difficult and our efforts to do so may not prevent misappropriation of our technologies. In the event that our intellectual property protection is insufficient to protect our intellectual property rights, we could face increased competition in the market for our products and technologies, which could have a material adverse effect on our business, financial condition and results of operations.

We may become engaged in litigation to protect or enforce our patent and other intellectual property rights or in International Trade Commission proceedings to abate the importation of goods that would compete unfairly with our products. In addition, we may have to participate in interference or reexamination proceedings before the USPTO, or in opposition, nullification or other proceedings before foreign patent offices, with respect to our patents or patent applications. All of these actions would place our patents and other intellectual property rights at risk and may result in substantial costs to us as well as a diversion of management attention. Moreover, if successful, these actions could result in the loss of patent or other intellectual property rights protection for the key technologies on which our business strategy depends.

In addition, we rely in part on unpatented proprietary technology, and others may independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets, know-how and other proprietary information, we require employees, consultants, financial advisors and strategic partners to enter into confidentiality agreements. These agreements may not provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of those trade secrets, know-how or other proprietary information. In particular, we may not be able to fully or adequately protect our proprietary information as we conduct discussions with potential strategic partners. If we are unable to protect the proprietary nature of our technology, it will harm our business.

Despite our efforts to protect our intellectual property rights, intellectual property laws afford us only limited protection. A third party could copy or otherwise obtain information from us without authorization. Accordingly, we may not be able to prevent misappropriation of our intellectual property or to deter others from developing similar products or services. Further, monitoring the unauthorized use of our intellectual property is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resources, may result in counterclaims or other claims against us and could significantly harm our results of operations. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States.

As is commonplace in technology companies, we employ individuals who were previously employed at other technology companies. To the extent our employees are involved in research areas that are similar to those areas in which they were involved at their former employers, we may be subject to claims that such employees or we have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of the former employers. Litigation may be necessary to defend against such claims. Litigation of this type could result in substantial costs to us and divert our resources.

We also depend on trade secret protection through confidentiality and license agreements with our employees, entities, licensees, licensors and others. We may not have agreements containing adequate protective provisions in every case, and the contractual provisions that are in place may not provide us with adequate protection in all circumstances. The unauthorized reproduction or other misappropriation of our intellectual property could diminish the value of our brand, competitive advantages or goodwill and result in decreased sales.

We may incur substantial costs or lose important rights as a result of litigation or other proceedings relating to our products, patents and other intellectual property rights.

In recent years, there has been significant litigation involving patents and other intellectual property rights in many technology-related industries. Until recently, patent applications were retained in secrecy by the USPTO until and unless a patent was issued. As a result, there may be U.S. patent applications pending of which we are unaware that may be infringed by the use of our technology or a part thereof, thus substantially interfering with the future conduct of our business. In addition, there may be issued patents in the United States or other countries that are pertinent to our business of which we are not aware. We and our customers could be sued by other parties for patent infringement in the future. Such lawsuits could subject us and them to liability for damages or require us to obtain additional licenses that could increase the cost of our products, which might have an adverse effect on our sales.

In addition, in the future we may assert our intellectual property rights by instituting legal proceedings against others. We may not be able to successfully enforce our patents in any lawsuits we may commence. Defendants in any litigation we may commence to enforce our patents may attempt to establish that our patents are invalid or are unenforceable. Any patent litigation could lead to a determination that one or more of our patents are invalid or unenforceable. If a third party succeeds in invalidating one or more of our patents, we may experience greater competition from such party and from others. Our ability to derive sales from products or technologies covered by these patents could be adversely affected.

Whether we are defending the assertion of third party intellectual property rights against our business as a result of the use of our technology, or we are asserting our own intellectual property rights against others, such litigation can be complex, costly, protracted and highly disruptive to our business operations by diverting the attention and energies of management and key technical personnel. As a result, the pendency or adverse outcome of any intellectual property litigation to which we are subject could disrupt business operations, require the incurrence of substantial costs and subject us to significant liabilities, each of which could severely harm our business.

Plaintiffs in intellectual property cases often seek injunctive relief. Any intellectual property litigation commenced against us could force us to take actions that could be harmful to our business and thus to our sales, including the following:

- discontinuing selling the products that incorporate or otherwise use technology that contains our allegedly infringing intellectual property;
- attempting to obtain a license to the relevant third party intellectual property, which may not be available on reasonable terms or at all; or
- attempting to redesign our products to remove our allegedly infringing intellectual property.

If we are forced to take any of the foregoing actions, we may be unable to sell products that incorporate our technology at a profit or at all. Furthermore, the measure of damages in intellectual property litigation can be complex, and is often subjective or uncertain. If we were to be found liable for infringement of proprietary rights of a third party, the amount of damages we might have to pay could be substantial and is difficult to predict. Decreased sales of our products incorporating our technology would adversely affect our results of operations. Any necessity to procure rights to the third party technology might cause us to negotiate the royalty terms of the third party license which could increase our cost of production or, in certain cases, terminate our ability to build some of our products entirely.

Our failure to renew, register or otherwise protect our trademarks could have a negative impact on the value of our brand names and our ability to use those names in certain geographical areas.

We believe our copyrights and trademarks are integral to our success. We rely on trademark, copyright and other intellectual property laws to protect our proprietary rights. If we fail to properly register and otherwise protect our trademarks, service marks and copyrights, we may lose our rights, or our exclusive rights, to them. In that case, our ability to effectively market and sell our products and services could suffer, which could harm our business.

Risks Related to Our Securities and Other Risks

Our stock price may be volatile, and the value of our common stock may decline.

Our stock price may be volatile. Factors that could cause fluctuations in the trading price of our common stock include the following:

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in the pricing of the solutions on our platforms;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our platforms;
- announcements by us or our competitors of significant business developments, acquisitions or new offerings;
- sales of shares of our common stock by us or our stockholders, the expectation of future sales of our common stock by us or our stockholders, and/or the anticipation of lock-up releases;
- significant data breaches, disruptions to or other incidents involving our platforms;
- our involvement in litigation;

- conditions or developments affecting the immersive technology industries;
- changes in senior management or key personnel;
- the trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market;
- general economic and market conditions; and
- other events or factors, including those resulting from war, incidents of terrorism, global pandemics or responses to these events.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our common stock. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies who have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

We have received a deficiency notice from Nasdaq, and there can be no assurance that we will continue to be listed on Nasdaq. In the event our common stock is delisted from Nasdaq, the liquidity and market price of our common stock could decline.

Our common stock is listed on the Nasdaq Capital Market, and we must meet certain financial and liquidity criteria to maintain such listing. If we fail to meet applicable continued listing requirements of the Nasdaq Stock Market LLC ("Nasdaq"), our common stock may be delisted.

On March 13, 2026, we received a notification letter from the Listing Qualifications Department of Nasdaq notifying us that, because the closing bid price for our common stock was below \$1.00 for the prior 30 consecutive business days, we no longer met the minimum bid price requirement for continued listing on the Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of \$1.00 per share (the "Minimum Bid Price Requirement"). In accordance with Nasdaq Marketplace Rule 5810(c)(3)(A), we had a period of 180 calendar days from March 13, 2026, or until September 9, 2026, to regain compliance with the Minimum Bid Price Requirement. On September 11, 2026 we received a Staff Determination from the Listing Qualifications Department of Nasdaq informing us that Nasdaq's staff had determined to delist our common stock from Nasdaq pursuant to Nasdaq Marketplace Rule 5550(a)(2). Under the Staff Determination, we have the right to appeal the Staff Determination by requesting a hearing before the Hearings Panel. On September 17, 2026, we timely submitted a request for a Hearing before the Hearings Panel. There can be no assurance that following the Hearing, the Hearings Panel will determine to continue to allow the listing of our common stock on Nasdaq or that we will be able to evidence compliance with the applicable listing criteria within the period of time, if any, that may be granted by the Hearings Panel.

Even if we are granted additional time by the Hearing Panel and regain compliance with the Minimum Bid Price Requirement, we cannot assure that we will not, in the future, fail to comply with Nasdaq's requirements to maintain the listing of our common stock on Nasdaq, or that we will be able to regain compliance in the event of any such non-compliance. A delisting of our common stock from Nasdaq may materially impair our stockholders' ability to buy and sell our common stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock. The delisting of our common stock could significantly impair our ability to raise capital and the value of your investment.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our capital stock, and, subject to the discretionary dividend policy described in Part II of this Report, we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

Costs as a result of operating as a public company are significant, and our management is required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we incur significant legal, accounting, insurance, investor relations and other expenses that we did not incur as a private company, which we expect to further increase now that we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devotes a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly now that we are no longer an “emerging growth company.”

We are required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and other regulatory requirements is time-consuming and results in increased costs to us and could have a negative effect on our results of operations, financial condition or business.

As a public company, we are subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, we need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management’s attention from other business concerns, which could have a material adverse effect on our results of operations, financial condition or business.

We have identified a material weakness in our internal control over financial reporting. This material weakness could continue to adversely affect our results of operations and financial condition. In the future, we may identify additional material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting or adequate disclosure controls and procedures, which may result in material errors in our financial statements or cause us to fail to meet our period reporting obligations.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, evaluating the effectiveness of our internal controls and disclosing any changes or material weaknesses identified through such evaluation. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As of June 30, 2026, we determined that we did not have sufficient resources within our finance department to document and account for complex equity instruments. Our management subsequently concluded that a material weakness existed and our internal control over financial reporting was not effective as of June 30, 2026. The material weakness was due to the inadequate design and implementation of controls to the accounting of complex financial instruments.

Management is implementing enhanced internal controls to remediate the material weakness. Specifically, we are evaluating the size and composition of our finance department. We plan to improve this process by involving outside experts and additional internal levels of review. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. If we are not able to comply with the requirements of the Sarbanes-Oxley Act or if we are unable to maintain effective internal control over financial reporting, we may not be able to produce timely and accurate financial statements or guarantee that information required to be disclosed by us in the reports that we file with the SEC, is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms. Any failure of our internal control over financial reporting or disclosure controls and procedures could cause our investors to lose confidence in our publicly reported information, cause the market price of our stock to decline, expose us to sanctions or investigations by the SEC or other regulatory authorities, or impact our results of operations.

General Risks

We are a “smaller reporting company,” and we cannot be certain if the reduced reporting and disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors.

We are also a “smaller reporting company” as defined in the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies until the fiscal year following the determination that our voting and non-voting common stock held by non-affiliates is \$250 million or more as measured on the last business day of our second fiscal quarter, or our annual revenues are less than \$100 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is \$700 million or more measured on the last business day of our second fiscal quarter.

We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our common stock could decline.

The market price and trading volume of our common stock may be heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, our stock price could be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our common stock, or publish negative reports about our business, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

Our cybersecurity risk management program is intended to protect the confidentiality, integrity, and availability of our critical IT systems, information and IP. Cybersecurity risks are among the risks evaluated and considered by, our broader enterprise risk management program, which is designed to identify, assess, prioritize and mitigate risks across the organization to enhance our resilience and support the achievement of our strategic objectives.

Our cybersecurity risk management program is led by our Chief Technology Officer, who is principally responsible for managing our cybersecurity risk assessment processes, our security controls, and our detection and response to cybersecurity incidents. Our program includes protocols for preventing, detecting and responding to cybersecurity incidents, and cross-functional coordination, and planning for business continuity and disaster recovery. We rely on our information security management system supported by a set of policies based upon industry frameworks, including the NIST Cybersecurity Framework and NIST SP 800-171. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program includes:

- Risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment.
- Security team principally responsible for managing (i) our cybersecurity risk assessment processes, (ii) our security controls, and (iii) our response to cybersecurity incidents;
- The use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls.
- Cybersecurity awareness training of our employees, incident response personnel, and senior management.
- Cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents.
- Third-party risk management process for service providers, suppliers, and vendors.

We also have a cybersecurity incident response plan for the cyber incident response team to assess and manage cybersecurity incidents, which includes escalation procedures based on the nature and severity of the incident including, where appropriate, escalation to our board of directors.

As part of our overall risk mitigation strategy, we maintain insurance coverage that is intended to address certain aspects of cybersecurity risks; however, such insurance may not be sufficient in type or amount to cover us against claims related to cybersecurity breaches, cyberattacks and other related breaches.

As of the date of this Report, we do not believe that any risks from cybersecurity threats, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. Despite our security measures, however, there can be no assurance that we, or third parties with which we interact, will not experience a cybersecurity incident in the future that will materially affect us.

Governance

Our board of directors has primary responsibility for oversight of our cybersecurity and other information technology risks, including our plans to mitigate cybersecurity risks and to respond to data breaches.

Our board of directors receives reports from our Chief Technology Officer on cybersecurity matters on as needed basis. These reports can include a range of topics, including our cybersecurity risk profile, the current cybersecurity and emerging threat landscape, the status of ongoing cybersecurity initiatives, incident reports, and the results of internal and external assessments of our information systems. Our board of directors also annually reviews the adequacy and effectiveness of our information and technology security policies and the internal controls regarding information and technology security and cybersecurity, and periodically receives updates.

At the management level, our Chief Technology Officer leads our enterprise-wide cybersecurity program, and is responsible for assessing and managing our materials risks from cybersecurity threats. In performing his role, our Chief Technology Officer is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity risks and incidents through the management of, and participation in, the cybersecurity risk management program and other processes described above, including the maintenance and execution of our cyber incident response plan. Our Chief Technology Officer reports to our Chief Executive Officer.

ITEM 2. PROPERTIES

We are based in Ashburn, VA with an office lease expiring April 30, 2027.

We also have an office lease in New York, New York expiring on December 31, 2026, that we do not plan to renew.

Our current facilities are leased and adequate to meet our current and ongoing needs. If we require additional space or expand geographically, we may seek additional facilities on commercially reasonable terms at such time.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings. We are not currently a party to or aware of any proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Information with Respect to our Common Stock

Our common stock is traded on the Nasdaq Capital Market under the symbol "BTLN" and began trading on such exchange on July 1, 2021.

Holders of Record

As of September 22, 2026, we had 97 holders of record of our common stock based upon the records of our transfer agent, which do not include beneficial owners of common stock whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Dividends

We have never declared or paid cash dividends on our capital stock. Although we currently intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, we are committed, subject to the limitations on distributions under Nevada law, to pay certain distributions in the event (i) we sell the business of any of our entities, or (ii) we report consolidated net income on our fiscal year end audited financial statements. No assurances can be made that any such milestone will be achieved or if achieved that our board of directors will approve any distribution in connection therewith.

Distribution upon sale of business. In the event we sell all or substantially all of the business of any of our entities, whether by means of a merger, asset sale, stock sale or otherwise, for a price in excess of \$10,000,000, we may distribute no less than 85% of the after-tax net proceeds for such sale. However, such distribution shall be subject to a determination by our board of directors that there exist no special circumstances that would prevent it from approving such distribution or the extent thereof. Such special circumstances could include, but are not limited to, the Company or any of its underlying entities contemplating or actively being engaged in a prospective acquisition or acquisitions that may require the use of such net proceeds, or other uses integral to the operations, growth or business development of any existing underlying entity. Moreover, such distribution may be waived, in writing, by the holders of a majority of our securities holders entitled to vote, voting together as a single class.

Distribution of consolidated net income. In the event our annual audited financial statements report consolidated net income, we may distribute, within 90 days after completion of such audit, 10% of the consolidated net income for such fiscal year. However, such distribution shall be subject to a determination by our board of directors that there exist no special circumstances that would prevent it from approving such distribution or the extent thereof. Such special circumstances could include, but are not limited to, our board of directors determining that such distribution, which could have otherwise been reinvested into our existing businesses, would impair our ability to execute on our business strategy. Moreover, such distribution may be waived, in writing, by the holders of a majority of our securities holders entitled to vote, voting together as a single class.

Subject to the distribution intentions discussed above, any future determination regarding the declaration and payment of dividends, if any, will be subject to the limitations on distributions under Nevada law, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. In addition, our ability to pay dividends may be restricted by any agreements we may enter into in the future.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The objective of this Management's Discussion and Analysis is to allow investors to view the Company from management's perspective, considering items that would have a material impact on future operations. The following discussion and analysis of the results of operations and financial condition of Brightline Interactive, Inc. and its underlying entities (collectively referred to as "Brightline" or the "Company") as of and for the fiscal years ended June 30, 2026 and 2025, should be read in conjunction with our consolidated financial statements and the notes to those consolidated financial statements appearing elsewhere in this Report, as well as the other financial information we file with the SEC from time to time. References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "us," "we," "our" and similar terms refer to the Company. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks, uncertainties and other factors. Actual results could differ materially because of factors discussed in "Risk Factors" elsewhere in this Report, and other factors that we may not know. See "Cautionary Statement Regarding Forward-Looking Statements."

Company Overview

Brightline Interactive, Inc. ("Brightline," the "Company," or "BLI"), formerly known as The Glimpse Group, Inc., is a software firm building SpatialCore, an interoperability and operational context platform for Physical AI. Brightline's operating entities are located in the United States. The Company was incorporated in the State of Nevada in June 2016 under the name The Glimpse Group, Inc.

In June 2026, the Company initiated the transformation from a portfolio of businesses into a focused technology company centered on its Brightline Interactive subsidiary ("BLI Sub") and SpatialCore, its interoperability infrastructure platform for Physical AI. In connection therewith, the Company commenced divestiture or wind down of all subsidiaries at that time except BLI Sub. This culminated in August 2026 with the merger of all remaining subsidiaries into the parent The Glimpse Group, Inc. ("Glimpse") and renaming Glimpse to Brightline Interactive, Inc.

Significant Transactions and Recent Developments

Nasdaq Notice and Reverse Stock Split

On March 13, 2026, the Company received a notification letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, because the closing bid price for the Company's common stock listed on Nasdaq was below \$1.00 for the prior 30 consecutive business days, the Company no longer meets the minimum bid price requirement for continued listing on the Nasdaq Capital Market. In accordance with Nasdaq Marketplace rules, the Company had a period of 180 calendar days from March 13, 2026 or until September 9, 2026, to regain compliance with the Minimum Bid Price Requirement.

On September 11, 2026, the Company, received a written notification (the “Staff Determination”) from the Nasdaq informing the Company that Nasdaq’s staff had determined to delist the Company’s common stock from Nasdaq pursuant to Nasdaq Listing Rule 5550(a)(2), requiring a minimum bid price of at least \$1.00 per share (the “Bid Price Requirement”). The Company did not regain compliance with the Bid Price Requirement by the September 9, 2026 deadline, and Nasdaq subsequently issued the Staff Determination on September 11, 2026. Under the Staff Determination, the Company has the right to appeal the Staff Determination by requesting a hearing before a Nasdaq Hearings Panel (the “Hearings Panel”). On September 17, 2026 the Company timely submitted a request for a hearing (the “Hearing”) before the Hearings Panel. The Hearing request stayed the suspension of the Company’s securities and the filing of a Form 25-NSE with the Securities and Exchange Commission (“SEC”) pending the issuance of a written decision by the Hearings Panel. The Common Stock will remain listed on Nasdaq, pending the outcome of the Hearing. There can be no assurance that following the Hearing, the Hearings Panel will determine to continue to allow the listing of the Common Stock on Nasdaq or that the Company will be able to evidence compliance with the applicable listing criteria within the period of time, if any, that may be granted by the Hearings Panel.

The Staff Determination does not affect the Company’s operations or reporting requirements with the SEC.

In connection with the above, in an effort to regain compliance with the Bid Price Requirement, the Company declared an 1:8 reverse common stock split effective with the opening of public equity markets on September 28, 2026.

The Company and its Board of Directors continue to review other potential measures going forward.

Securities Purchase Agreement (“SPA”)

On September 23, 2026 the Company entered into a \$1.25 million SPA, which provides for issuance of a reverse split adjusted amount of 223,214 common shares and a like amount of warrants convertible on a one for one basis into Company common stock. The warrants are immediately exercisable at a reverse split adjusted price of \$16.00 per share. The Company anticipates the full gross proceeds to be received by September 30, 2026. This transaction does not change the Company’s status described in the Going Concern section below.

Highlights

RESULTS OF OPERATIONS FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

Summary P&L

Reclassifications

In June 2026, the decision was made by the Company to transform from a portfolio of businesses into a focused technology company centered on BLI Sub and its product SpatialCore, an interoperability infrastructure platform for Physical AI.

Since the Company’s new leadership and Board of Directors assumed responsibility on June 1, 2026, the Company has focused on a series of initiatives intended to simplify the business, accelerate growth and strengthen its position in the emerging Physical AI market. These efforts have included the divestiture of all non-core and underperforming subsidiaries.

Accordingly, results of operations, financial position, and cash flows for all subsidiaries except BLI Sub are reported as discontinued operations for all periods presented. Unless otherwise noted, information below relates to continuing operations.

	For the Years Ended June 30,		Change	
	2026	2025	\$	%
	(in millions)			
Revenue	\$ 0.32	\$ 5.27	\$ (4.95)	-94%
Cost of goods sold	0.13	2.06	(1.93)	-94%
Gross profit	0.19	3.21	(3.02)	-94%
Total operating expenses	15.76	4.62	11.14	241%
Loss from continuing operations before discontinued operations and other income	(15.57)	(1.41)	(14.16)	-1004%
Discontinued operations	(1.21)	(1.33)	0.12	9%
Other income	0.14	0.19	(0.05)	-26%
Net loss	\$ (16.64)	\$ (2.55)	\$ (14.09)	-553%

Revenue

	For the Years Ended June 30,		Change	
	2026	2025	\$	%
	(in millions)			
Software services	\$ 0.26	\$ 5.24	\$ (4.98)	-95%
Royalty income	0.06	0.03	0.03	100%
Total revenue	\$ 0.32	\$ 5.27	\$ (4.95)	-94%

Total revenue for the year ended June 30, 2026 was approximately \$0.32 million compared to approximately \$5.27 million for the year ended June 30, 2025, a decrease of approximately 95%. The decrease primarily represents the decrease in DOW related contract revenue driven by ongoing US government budget appropriation delays in fiscal year 2026, and the runoff of certain legacy VR/AR business reported in fiscal 2025.

Customer Concentration

One customer accounted for approximately 78% of the Company's total revenue for the year ended June 30, 2026. One different customer accounted for approximately 80% of the Company's total revenue for the year ended June 30, 2025.

Gross Profit

	For the Years Ended June 30,		Change	
	2026	2025 (in millions)	\$	%
Revenue	\$ 0.32	\$ 5.27	\$ (4.95)	-94%
Cost of goods sold	0.13	2.06	(1.93)	-94%
Gross profit	0.19	3.21	(3.02)	-94%
Gross profit margin	59%	61%		

Gross profit margin was approximately 59% for the year ended June 30, 2026 compared to approximately 61% for the year ended June 30, 2025, a decrease of approximately 2%. This reflects a change in cost structure of DOW projects.

Operating Expenses

	For the Years Ended June 30,		Change	
	2026	2025 (in millions)	\$	%
Research and development expenses	\$ 2.33	\$ 1.10	\$ 1.23	112%
General and administrative expenses	2.30	2.02	0.28	14%
Sales and marketing expenses	0.53	1.07	(0.54)	-50%
Amortization of acquisition intangible assets	0.02	0.29	(0.27)	-93%
Goodwill impairment	10.56	-	10.56	100%
Change in fair value of acquisition contingent consideration	0.02	0.14	(0.12)	-86%
Total operating expenses	\$ 15.76	\$ 4.62	\$ 11.14	241%

Operating expenses for the year ended June 30, 2026 were approximately \$15.76 million compared to approximately \$4.62 million for the year ended June 30, 2025, an increase of approximately 241%. The increase primarily represents goodwill impairment recorded in fiscal year 2026.

Research and Development

Research and development expenses (primarily representing headcount related costs) for the year ended June 30, 2026 were approximately \$2.33 million compared to approximately \$1.10 million for the year ended June 30, 2025 an increase of approximately 112%. The increase primarily reflects a lesser proportion of headcount expense being allocated to revenue projects cost of goods sold due to revenue decrease.

General and Administrative

General and administrative expenses (primarily representing headcount and administrative related costs) for the year ended June 30, 2026 were approximately \$2.30 million compared to approximately \$2.02 million for the year ended June 30, 2025, an increase of approximately 14%. The increase primarily reflects increased investor relations efforts.

Sales and Marketing

Sales and marketing expenses (primarily representing headcount, including incentive based, related costs) for the year ended June 30, 2026 were approximately \$0.53 million compared to approximately \$1.07 million for the year ended June 30, 2025, a decrease of approximately 50%. The decrease primarily reflects a decrease in revenue related incentive pay.

Amortization of Acquisition Intangible Assets

Amortization of acquisition intangible assets expense for the year ended June 30, 2026 was approximately \$0.02 million compared to approximately \$0.29 million for the year ended June 30, 2025, a decrease of approximately 93%. The decrease represents the expiration of the intangible asset useful life.

Goodwill Impairment

Goodwill impairment for the year ended June 30, 2026 was approximately \$10.56 million compared to none in the previous year.

The Company's primary customer is the DOW. U.S. Government funding for new DOW projects is on hold as a result of the U.S. Government shutdown in early 2026, continuing budget resolutions which produced no new funding, and delay in passing of the U.S. Government fiscal year 2026 budget. The budget delay has resulted in the Company no longer being able to invoice its current primary DOW customer for work currently being done, material uncertainty regarding whether the current work will be funded in an ultimate U.S. Government budget passage and limited visibility regarding its ability to secure other future revenue contracts. While revenues may be generated in the future, the current lack of sight into future revenue contracts and the Company's inability to generate material revenues in the current fiscal year has removed the primary driver of the quantitative discounted cash flow modelling that is utilized in order to determine the Company's enterprise value. This also makes the qualitative assessment of the Company's technology challenging to assess. In accordance with our accounting policies, it has been determined that the Company's enterprise value is negligible from a financial reporting perspective as of June 30, 2026. This results in a total impairment of goodwill of approximately \$10.56 million.

Change in Fair Value of Acquisition Contingent Consideration

Change in fair value of acquisition contingent consideration for the year ended June 30, 2026 was approximately \$0.02 million compared to approximately \$0.14 million for the year ended June 30, 2025. The decrease reflects the final consideration payment in October 2025 related to the Company's acquisition of BLI Sub.

Discontinued Operations

	For the Years Ended		Change	
	June 30,			
	2026	2025	\$	%
	(in millions)			
Discontinued operations	\$ (1.21)	\$ (1.33)	\$ 0.12	9%

As mentioned in the "Reclassifications" portion of this section above, discontinued operations represent the combined financial results of all of the Company's subsidiaries except BLI Sub.

Discontinued operations loss was approximately \$1.21 million for the year ended June 30, 2026 compared to approximately \$1.33 million for the previous year, a decrease of approximately 9%. The decrease primarily represents reduced revenue and related gross profit reflecting the wind down of the subsidiaries in fiscal year 2026 partially offset by a gain on the sale of certain subsidiary intellectual property.

Other Income

Other income for the years ended June 30, 2026 and 2025 was approximately \$0.14 million and \$0.19 million, respectively. This represents interest income and reflects the reduction in cash equivalent balances and changes in short term interest rates.

Net loss

For the year ended June 30, 2026, we incurred a net loss of approximately \$16.64 million compared to a net loss of approximately \$2.55 million for the year ended June 30, 2025. This was primarily driven by the non-cash goodwill impairment and reduced revenue and related gross profit that occurred in fiscal year 2026.

Non-GAAP Financial Measures

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

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

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

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

The following table presents a reconciliation of net loss to Adjusted EBITDA loss for the years ended June 30, 2026 and 2025:

	For the Years Ended June 30	
	2026	2025
	(in millions)	
Net loss from continuing operations	\$ (15.43)	\$ (1.22)
Depreciation and amortization	0.05	0.35
EBITDA loss	(15.38)	(0.87)
Stock based expenses	0.74	0.62
Goodwill impairment	10.56	-
Change in fair value of acquisition contingent consideration	0.02	0.14
Adjusted EBITDA loss	\$ (4.06)	\$ (0.11)

Adjusted EBITDA loss for the year ended June 30, 2026 was approximately \$4.06 million compared to approximately \$0.11 million for the comparable 2025 period. The increase in Adjusted EBITDA loss is primarily due to the reduction in revenue and associated gross margin and increased research and development expenses in fiscal year 2026 compared to fiscal 2025.

Going Concern

The Company evaluated whether there are conditions or events that raise doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The Company's evaluation entails analyzing expectations for the Company's cash needs and comparing those needs to the current cash and cash equivalent balances. This evaluation initially does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented as of the date the financial statements are issued. The Company has incurred recurring losses since its inception, including a net loss of approximately \$16.64 million for the year ended June 30, 2026. In addition, as of June 30, 2026, the Company had an accumulated deficit of \$82.23 million. Furthermore, the circumstances around the goodwill impairment challenge the Company. The Company's cash and cash equivalents as of the date of this filing may not be sufficient to fund operations and other commitments for at least the next twelve months from the date of issuance of these consolidated financial statements. Accordingly, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of at least 12 months from the date of issuance of these consolidated financial statements. In order to restore the going concern the Company may take actions which could include, but are not limited to equity or debt financings. There is no assurance that these actions will be taken or be successful if pursued. The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described.

Liquidity and Capital Resources

	For the Years Ended June 30,		Change	
	2026	2025	\$	%
	(in millions)			
Net cash (used in) provided by continuing operating activities	\$ (3.87)	\$ 0.18	\$ (4.05)	-2,250%
Net cash used in continuing investing activities	(1.53)	(1.52)	(0.01)	-1%
Net cash provided by financing activities	1.93	6.80	(4.87)	-72%
Net cash used in discontinued operations	(0.22)	(0.47)	0.25	53%
Net increase (decrease) in cash, cash equivalents and restricted cash	(3.69)	4.99	(8.68)	-174%
Cash, cash equivalents and restricted cash, beginning of year	6.84	1.85	4.99	270%
Cash, cash equivalents and restricted cash, end of year	\$ 3.15	\$ 6.84	\$ (3.69)	-54%

Operating activities

Net cash used in operating activities for the year ended June 30, 2026 was approximately \$3.87 million, compared to cash provided of approximately \$0.18 million for the year ended June 30, 2025. The decrease is primarily due to the reduction in revenue, and associated gross margin and increased research and development expenses in fiscal year 2026 compared to fiscal 2025.

Investing activities

Net cash used in investing activities for the year ended June 30, 2026 was approximately \$1.53 million compared to approximately \$1.52 million for the year ended June 30, 2025. For both years this primarily represented contingent consideration payments for the BLI LLC acquisition based on achieved revenue milestones.

Financing activities

Cash flow provided by financing activities during the year ended June 30, 2026 was approximately \$1.93 million, compared to approximately \$6.80 million for the prior period. 2026 represents the net proceeds of the securities purchase agreement entered into in May 2026. 2025 primarily represents the net proceeds of the securities purchase agreement entered into in December 2024.

Discontinued activities

The 2026 \$0.25 million decrease in cash used in discontinued operations compared to 2025 primarily represents gain on the sale of a certain subsidiary intellectual property.

Capital Resources

As of June 30, 2026, the Company had cash and cash equivalents of \$3.15 million.

As of June 30, 2026, the Company had no outstanding debt obligations.

As of June 30, 2026, the Company had no issued and outstanding preferred stock.

On September 23, 2026 the Company entered into a SPA and anticipates receiving gross proceeds from the SPA of \$1.25 million by September 30, 2026. This transaction does not change the Company's status described in the Going Concern section above.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. On an ongoing basis, we evaluate our estimates based on assumptions that are believed to be reasonable under the circumstances. These estimates are inherently subject to judgment and actual results could differ materially from those estimates.

An accounting estimate is considered critical if it involves significant subjectivity and judgment, and if changes in the estimate have had or are reasonably likely to have a material effect on our consolidated financial statements. We believe estimates regarding revenue and goodwill are subject to a greater degree of judgment and complexity and have the greatest potential impact on our consolidated financial statements. For additional information on these and all of our significant accounting policies, see Note 4 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Smaller Reporting Company Status

We are a "smaller reporting company" as defined in the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies until the fiscal year following the determination that our voting and non-voting common stock held by non-affiliates is \$250 million or more measured on the last business day of our second fiscal quarter, or our annual revenues are less than \$100 million during the most recently completed fiscal year and our voting and non-voting common stock held by non-affiliates is \$700 million or more measured on the last business day of our second fiscal quarter.

We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If, as a result of our decision to reduce future disclosure, investors find our common stock less attractive, there may be a less active trading market for our common stock and the price of our common stock may be more volatile.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

All financial information required by this Item is attached hereto at the end of this Report beginning on page F-1 and is hereby incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive and financial officers, evaluated the effectiveness of our disclosures controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2026. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation, and as a result of the material weakness described below, our chief executive officer and chief financial officer concluded that, as of June 30, 2026 our disclosure controls and procedures were not effective at a reasonable assurance level.

Management's Annual 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 Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed 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 in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that accurately and fairly reflect in reasonable detail the transactions and dispositions of the assets of our company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurances regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material adverse effect on our financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2026. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control-Integrated Framework (2013 framework). Based on this assessment, management concluded that the Company's internal control over financial reporting was not effective as of June 30, 2026 due to the material weakness discussed below.

Material Weakness

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual and interim financial statements will not be detected or prevented on a timely basis.

The Company's new management identified a material weakness in the design and operating effectiveness of the Company's documentation and accounting of complex financial instruments. The Company's finance department had insufficient technical resources supporting the assessment of the complex technical accounting and review procedures were not performed at a level of precision to prevent or detect a material misstatement on a timely basis in the normal course of the review.

Based on this assessment, management believes that our internal control over financial reporting was not effective as of June 30, 2026.

Remediation Measures

We have identified and begun to implement steps, as further described below, designed to remediate the foregoing material weakness. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

To remediate this material weakness, we are in the process of evaluating and strengthening the finance department surrounding this area.

While the foregoing measures are intended to effectively remediate the material weakness described in this Item 9A, it is possible that additional remediation steps will be necessary. As such, as we continue to evaluate and implement our plan to remediate the material weakness, our management may decide to take additional measures to address the material weakness or modify the remediation steps described above. Until this material weakness is remediated, we plan to continue to perform additional analyses and other procedures to help ensure that our financial statements are prepared in accordance with GAAP.

Notwithstanding the identified material weakness, management believes that the financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, the Company's financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Control over Financial Reporting

Except for the material weakness noted above, there has been no change in the Company's internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) that occurred during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm because we are deemed a "non-accelerated filer" and "smaller reporting company" within the definition of Rule 12b-2 of the Exchange Act, as our public float was below the specified thresholds as of December 31, 2025. Accordingly, this Annual Report on Form 10-K does not include an attestation report of our independent registered accounting firm.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10 is incorporated herein by reference from the statements under the headings “Proposal No. 1 - Election of Class III Directors,” “Executive Officers,” and “Corporate Governance Practices and Policies” contained in our proxy statement for our 2026 Annual Meeting of Stockholders, to be filed within 120 days after the year ended June 30, 2026. The information required by Item 10 regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference, if necessary, from the information under the heading “Delinquent Section 16(a) Reports” contained in our proxy statement for our 2026 Annual Meeting of Stockholders, to be filed within 120 days after the year ended June 30, 2026.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated herein by reference from the statements under the headings “Director Compensation,” “Executive Compensation” and “Summary Compensation Table” contained in our proxy statement for our 2026 Annual Meeting of Stockholders, to be filed within 120 days after the year ended June 30, 2026.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this Item 12 is incorporated herein by reference from the statements under the headings “Equity Incentive Plan,” and “Security Ownership of Certain Beneficial Owners and Management” contained in our proxy statement for our 2026 Annual Meeting of Stockholders, to be filed within 120 days after the year ended June 30, 2026.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated herein by reference from the statements under the headings “Certain Relationships and Related Party Transactions,” and “Board and Committee Independence” contained in our proxy statement for our 2026 Annual Meeting of Stockholders, to be filed within 120 days after the year ended June 30, 2026.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated herein by reference from the statements under the heading “Fees Paid to the Independent Registered Public Accounting Firm” contained in our proxy statement for our 2026 Annual Meeting of Stockholders, to be filed within 120 days after the year ended June 30, 2026.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Report:

(1) Financial Statements

See Index to Consolidated Financial Statements beginning on Page F-1 of this Report.

(2) Financial Statement Schedules

All financial statement schedules have been omitted since the required information was not applicable or was not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or the accompanying notes.

(3) Exhibits

The exhibits listed in the following Index to Exhibits are filed, furnished or incorporated by reference as part of this Report.

Exhibit No.	Exhibit Description
3.1	<u>Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 14, 2021).</u>
3.2	<u>Certificate of Amendment to the Articles of Incorporation, effective August 20, 2026 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on August 19, 2026).</u>
3.3	<u>Certificate of Change to the Articles of Incorporation, effective September 28, 2026 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on September 23, 2026).</u>
3.2	<u>Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Amendment No. 5 to the Company's Registration Statement on Form S-1 filed with the SEC on June 23, 2021).</u>
4.1	<u>Description of Securities (incorporated by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K filed with the SEC on September 30, 2024).</u>
10.1†	<u>Amended and Restated 2016 Incentive Plan (incorporated by reference to Exhibit 10.1 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 14, 2021).</u>
10.2†	<u>Employment Agreement dated May 13, 2021 by and between the Company and Lylon Bentovim (incorporated by reference to Exhibit 10.25 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 14, 2021).</u>
10.3†	<u>Employment Agreement dated May 13, 2021 by and between the Company and Maydan Rothblum (incorporated by reference to Exhibit 10.26 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 14, 2021).</u>
10.4†	<u>Employment Agreement dated May 13, 2021 by and between the Company and David J. Smith (incorporated by reference to Exhibit 10.27 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on June 14, 2021).</u>
10.5†	<u>Executive Employment Agreement dated August 1, 2022 by and between the Company and Tyler Gates (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 2, 2022).</u>
10.6†	<u>Bentovim Option Agreement, dated February 15, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2023).</u>
10.7†	<u>Rothblum Option Agreement, dated February 15, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2023).</u>
10.8†	<u>Smith Option Agreement, dated February 15, 2023 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 16, 2023).</u>
10.9	<u>Sales Agreement, dated July 11, 2025, between The Glimpse Group, Inc. and WestPark Capital, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 11, 2025).</u>

10.10	Second Amendment to Sales Agreement, dated January 2, 2026, between The Glimpse Group, Inc. and WestPark Capital, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 7, 2026).
10.11	Form of Securities Purchase Agreement, dated May 14, 2026, by and among the Company and the purchasers party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 15, 2026).
10.12	Master Purchase Agreement, dated as of June 30, 2026, by and between the Company and Glimpse Learning, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 7, 2026).
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to the Company's Amendment No. 3 to the Registration Statement filed with the SEC on June 14, 2021).
16.1	Letter to SEC regarding Change in Certifying Accountant, dated December 21, 2023 (incorporated by reference to Exhibit 16.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2023).
19.1	Insider Trading Policy (incorporated by reference to Exhibit 19.1 of the Registrant's Annual Report on Form 10-K filed with the SEC on September 30, 2024).
21.1*	List of Subsidiaries.
23.1*	Consent of GreenGrowth CPAs.
23.2*	Consent of Turner, Stone & Company, L.L.P.
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934, as amended.
97.1	The Glimpse Group, Inc. Policy Relating to the Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 of the Registrant's Annual Report on Form 10-K filed with the SEC on September 30, 2024).
*101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
*101.SCH	Inline XBRL Taxonomy Extension Schema Document.
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted in Inline XBRL and included in Exhibit 101)

† Indicates management contract or compensatory plan or arrangement.

*Exhibit filed with this report.

**Exhibit furnished with this report.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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

BRIGHTLINE INTERACTIVE, INC.

September 28, 2026

By: /s/ Tyler Gates
Tyler Gates
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Date</u>	<u>Name and Title</u>	<u>Signature</u>
<u>September 28, 2026</u>	<u>Tyler Gates</u> President, Chief Executive Officer and Director (<i>Principal Executive Officer</i>)	<u>/s/ Tyler Gates</u>
<u>September 28, 2026</u>	<u>William Keneally</u> Chief Financial Officer (<i>Principal Financial Officer and Principal Accounting Officer</i>)	<u>/s/ William Keneally</u>
<u>September 28, 2026</u>	<u>Scott Swift</u> Director and Chair of the Board	<u>/s/ Scott Swift</u>
<u>September 28, 2026</u>	<u>Brian Archer</u> Director	<u>/s/ Brian Archer</u>
<u>September 28, 2026</u>	<u>Tamar Elkeles</u> Director	<u>/s/ Tamar Elkeles</u>
<u>September 28, 2026</u>	<u>Pete Fesler</u> Director	<u>/s/ Pete Fesler</u>

BRIGHTLINE INTERACTIVE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2026 AND 2025

BRIGHTLINE INTERACTIVE, INC.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Brightline Interactive, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Brightline Interactive, Inc. (formerly The Glimpse Group, Inc.) (the Company) as of June 30, 2026, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the financial statements).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2026, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements of the Company as of and for the year ended June 30, 2025, before the adjustments described in Note 5 to retrospectively reflect the discontinued operations presentation, were audited by other auditors whose report dated September 29, 2025, except for Note 16, as to which date is September 28, 2026, expressed an unqualified opinion on those financial statements.

Emphasis of Matter

As discussed in Note 3 and Note 16 to the consolidated financial statements, the Company effected a 1-for-8 reverse stock split of its issued and outstanding common stock on September 28, 2026. Accordingly, all share and per-share amounts in the accompanying consolidated financial statements and notes have been retroactively adjusted for all periods presented to reflect the reverse stock split. Our opinion is not modified with respect to this matter.

Consideration of the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Audit of Adjustments to the 2025 Consolidated Financial Statements

We also have audited the adjustments described in Note 5 that were applied to the 2025 consolidated financial statements to retrospectively reflect the presentation of all subsidiaries except BLI sub as discontinued operations. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2025 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2025 consolidated financial statements taken as a whole.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

I) Revenue Recognition

As described in Note 4 to the consolidated financial statements, the Company recognizes revenue when it satisfies its performance obligations under contracts with customers, either at a point in time or over time, in accordance with ASC 606. Total revenues for the year ended were \$3,659,216, which includes revenue from discontinued operations as disclosed in Note 5. The Company's revenue streams include recurring revenue from licenses, recurring services, revenue from projects and royalties. For licenses, revenue is recognized at the commencement of the license term, with renewals treated as separate performance obligations recognized no earlier than the beginning of each renewal period, based on management's assessment that the license grants the customer a right to use the intellectual property as it exists at a point in time. Recurring services revenue is recognized over time, and revenue from projects is recognized at the point in time control transfers to the customer.

We identified the evaluation of revenue recognition, including the identification and classification of distinct performance obligations across the Company's license, recurring services, and project revenue streams, and the determination of the appropriate timing of revenue recognition for each, as a critical audit matter. Auditing this area required especially subjective and complex auditor judgment because (i) determining whether a license, service, or project constitutes one or more distinct performance obligations requires judgment, (ii) evaluating management's assessment of the point in time at which control transfers to the customer for project revenue involved judgment based on contractual terms and delivery/acceptance evidence that varies by contract, and (iii) determining the appropriate transaction price allocation across performance obligations required evaluation of management's assumptions.

Our audit procedures related to revenue recognition included the following, among others:

- We obtained an understanding of and evaluated the design of controls over management's process for identifying performance obligations, determining transaction price, allocating transaction price, and determining the timing of revenue recognition.
- For a sample of revenue transactions across each material revenue stream (license, recurring services, and projects), we tested management's application of the five-step revenue recognition model by obtaining and inspecting the underlying statement of work (SoW), customer invoice, evidence of collection, and delivery/acceptance confirmation, and evaluated whether revenue was recognized in the appropriate period and at the appropriate amount based on the terms of each arrangement.
- For a sample of licenses that were related to renewals, as delivery confirmation for the new performance obligation was not available, we sent confirmations to customers to verify that the service was provided in the correct period.
- We evaluated the consistency of management's classification of contracts as licenses, recurring services, or projects with the substance of the underlying agreements and the Company's accounting policy.
- We tested the mathematical accuracy of the allocation of transaction price to performance obligations for contracts with multiple performance obligations.
- We evaluated the Company's disclosures related to revenue recognition, including disaggregation of revenue, for consistency with the requirements of ASC 606 and with the evidence obtained during our procedures.

II) Discontinued Operations

As described in Note 5 to the financial statements, the Company divested/wound down certain subsidiaries during the year as part of a strategic business shift. Management evaluated this transaction under ASC 205-20 and determined that it met the criteria for presentation as discontinued operations. As of and for the year ended June 30, 2026, current assets of discontinued operations were \$984,159, non-current assets of discontinued operations were \$367,138, other current liabilities of discontinued operations were \$529,020, long-term liabilities of discontinued operations were \$4,704, and loss from discontinued operations was \$1,208,953.

We identified management's evaluation of the divestiture/wind-down of the subsidiaries as meeting the criteria for discontinued operations presentation under ASC 205-20, and the allocation of consolidated balance sheet and results of operations amounts to discontinued operations, as a critical audit matter. Auditing this matter involved especially subjective and complex auditor judgment because (i) evaluating whether the divestiture/wind-down represented a strategic shift that will have a major effect on the Company's operations and financial results, as required by ASC 205-20-45-1B, required judgment regarding the significance and nature of the change to the Company's operations, and (ii) evaluating the allocation of consolidated balances and results to the discontinued components required judgment, particularly with respect to the manual reclassification of overhead expenses from corporate to the individual subsidiaries, which involved subjective determinations as to which costs were directly attributable to the discontinued components versus costs that should remain within continuing operations.

Our audit procedures related to discontinued operations included the following, among others:

- We obtained and evaluated management's technical accounting memorandum documenting its assessment of the divestiture/wind-down against the criteria of ASC 205-20, including corroborating evidence such as Board meetings resolving the change in the business direction, shutdown of S5D and Glimpse Learning LLC sale and divestiture agreement.
- We evaluated whether management's conclusion that the transaction represented a strategic shift with a major effect on the Company's operations and financial results was consistent with the nature and significance of the subsidiaries divested/wound down relative to the Company as a whole.
- We obtained the underlying general ledger records supporting the allocation of assets, liabilities, and results of operations to discontinued operations, and independently recalculated the amounts allocated to each subsidiary, agreeing the recalculated totals to the amounts presented as discontinued operations in the financial statements.
- We tested, the manual reclassifications of overhead expenses from corporate to the individual subsidiaries, evaluating the reasonableness of the basis used by management for the allocation.
- We evaluated the Company's disclosures related to discontinued operations for consistency with the requirements of ASC 205-20 and with the evidence obtained during our procedures.

September 28, 2026

/s/ GreenGrowth CPAs

GreenGrowth CPAs

We have served as the Company's auditor since 2026.

Los Angeles, California

PCAOB ID Number 6580

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Brightline Interactive, Inc.

Opinion on the Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the discontinued operations described in Notes 4 and 5, the accompanying consolidated balance sheet of Brightline Interactive, Inc. (formerly, The Glimpse Group, Inc.) (the “Company”) as of June 30, 2025, and the related consolidated statements of operations, stockholders’ equity, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements, before the effects of the adjustments to retrospectively apply the discontinued operations described in Notes 4 and 5, present fairly, in all material respects, the financial position of the Company as of June 30, 2025, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the discontinued operations described in Note 4 and Note 5 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by GreenGrowth CPAs.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has recurring losses since its inception and the Company’s current assets may not be sufficient to fund operations and other commitments for at least the next twelve months from the date of issuance of these financial statements. Management’s plan regarding these matters are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Turner, Stone & Company, L.L.P.

Turner, Stone & Company, L.L.P.

We served as the Company’s auditor from 2023 to 2025.

Dallas, Texas

September 29, 2025, except for the effect of the reverse stock split described in Notes 3 and 16, as to which the date is September 28, 2026

**BRIGHTLINE INTERACTIVE, INC.
CONSOLIDATED BALANCE SHEETS**

	As of June 30,	
	2026	2025
ASSETS		
Cash and cash equivalents	\$ 3,147,333	\$ 6,832,725
Accounts receivable	57,503	-
Deferred costs	-	42,153
Notes receivable	-	160,600
Prepaid expenses and other current assets	209,375	153,020
Other current assets of discontinued operations	100,917	984,159
Total current assets	3,515,128	8,172,657
Equipment, net	36,226	39,821
Right-of-use assets, net	119,891	107,303
Intangible assets, net	-	24,447
Goodwill	-	10,557,600
Other assets	10,100	10,100
Assets of discontinued operations	5,557	367,138
Total assets	<u>\$ 3,686,902</u>	<u>\$ 19,279,066</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 38,480	\$ 43,044
Accrued liabilities	183,871	166,184
Due to related party	200,000	-
Deferred revenue	6,961	-
Lease liabilities, current portion	119,892	116,641
Contingent consideration for acquisitions	-	1,483,583
Other current liabilities of discontinued operations	231,576	529,020
Total current liabilities	780,780	2,338,472
Long term liabilities		
Liabilities of discontinued operations	-	4,704
Total liabilities	<u>780,780</u>	<u>2,343,176</u>
Commitments and contingencies		
Stockholders' Equity		
Preferred Stock, par value \$0.001 per share, 20,000,000 shares authorized; 0 shares issued and outstanding	-	-
Common Stock, par value \$0.001 per share, 37,500,000 shares authorized; 2,712,351 and 2,631,938 issued and outstanding, respectively	2,712	2,632
Additional paid-in capital	85,130,320	82,525,182
Accumulated deficit	(82,226,910)	(65,591,924)
Total stockholders' equity	<u>2,906,122</u>	<u>16,935,890</u>
Total liabilities and stockholders' equity	<u>\$ 3,686,902</u>	<u>\$ 19,279,066</u>

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

BRIGHTLINE INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended June 30,	
	2026	2025
Revenue		
Software services	\$ 255,726	\$ 5,237,444
Software license/software as a service	-	1,542
Royalty income	67,253	27,700
Total revenue	322,979	5,266,686
Cost of goods sold	137,609	2,055,329
Gross profit	185,370	3,211,357
Operating expenses:		
Research and development expenses	2,328,966	1,104,004
General and administrative expenses	2,300,930	2,020,146
Sales and marketing expenses	527,100	1,066,831
Amortization of acquisition intangible assets	24,445	293,333
Goodwill impairment	10,557,600	-
Change in fair value of acquisition contingent consideration	16,417	138,126
Total operating expenses	15,755,458	4,622,440
Loss from continuing operations before discontinued operations and other income	(15,570,088)	(1,411,083)
Loss from discontinued operations	(1,208,953)	(1,331,251)
Other income:		
Interest income	144,055	189,683
Net loss	\$ (16,634,986)	\$ (2,552,651)
Basic and diluted net loss per share	\$ (6.33)	\$ (1.04)
Weighted-average common shares used to compute basic and diluted net loss per share	2,643,559	2,454,171

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

BRIGHTLINE INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended June 30, 2026 AND 2025

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance as of July 1, 2024	2,269,777	\$ 2,269	\$ 74,575,489	\$ (63,039,273)	\$ 11,538,485
Common stock and stock option-based compensation expense	4,625	5	754,749	-	754,754
Common stock issued to vendors	312	-	4,601	-	4,601
Stock option-based board of directors expense	-	-	229,389	-	229,389
Common stock issued for exercise of options	974	1	(1)	-	-
Common stock issued in Securities Purchase Agreement, net	248,750	249	6,785,303	-	6,785,552
Common stock issued for exercise of warrants	107,500	108	175,652	-	175,760
Net loss	-	-	-	(2,552,651)	(2,552,651)
Balance as of June 30, 2025	2,631,938	2,632	82,525,182	(65,591,924)	16,935,890
Common stock and stock option-based compensation expense	2,625	3	546,946	-	546,949
Stock option-based board of directors expense	-	-	290,458	-	290,458
Common stock and warrants issued in Securities Purchase Agreement, net	77,788	77	1,767,734	-	1,767,811
Net loss	-	-	-	(16,634,986)	(16,634,986)
Balance as of June 30, 2026	<u>2,712,351</u>	<u>\$ 2,712</u>	<u>\$ 85,130,320</u>	<u>\$ (82,226,910)</u>	<u>\$ 2,906,122</u>

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

BRIGHTLINE INTERACTIVE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (16,634,986)	\$ (2,552,651)
Less: Net loss from discontinued operations	(1,208,953)	(1,331,251)
Net loss from continuing operations	(15,426,033)	(1,221,400)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	52,810	354,750
Stock option based compensation for employees and board of directors	740,709	622,063
Acquisition contingent consideration fair value adjustment	16,417	138,126
Goodwill impairment	10,557,600	-
Adjustment to operating lease right-of-use assets and liabilities	901	34,469
Changes in operating assets and liabilities:		
Accounts receivable	(57,503)	130,160
Deferred costs	42,153	62,551
Prepaid expenses and other current assets	(56,355)	11,871
Other assets	-	(11,364)
Accounts payable	(4,564)	(66,159)
Accrued liabilities	257,687	130,325
Deferred revenue	6,961	(1,034)
Net cash (used in) provided by operating activities from continuing operations	(3,869,217)	184,358
Net cash used in operating activities from discontinued operations	(419,813)	(458,132)
Net cash used in operating activities	(4,289,030)	(273,774)
Cash flow from investing activities:		
Purchase of equipment	(24,773)	(21,672)
Payment of contingent consideration for acquisition	(1,500,000)	(1,500,000)
Cash used in investing activities from continuing operations	(1,524,773)	(1,521,672)
Cash provided (used) by investing activities from discontinued operations	200,000	(20,836)
Net cash used in investing activities	(1,324,773)	(1,542,508)
Cash flows provided by financing activities:		
Notes receivable repayments (issuance), net	160,600	(160,600)
Proceeds from securities purchase agreement, net	1,767,811	6,785,552
Proceeds from exercise of warrants	-	175,760
Net cash provided by financing activities	1,928,411	6,800,712
Net change in cash and cash equivalents	(3,685,392)	4,984,430
Cash and cash equivalents - continuing operations, beginning of period	6,832,725	1,797,080
Cash and cash equivalents - discontinued operations, beginning of period	-	51,215
Cash and cash equivalents, beginning of period	6,832,725	1,848,295
Cash and cash equivalents, end of period	<u>\$ 3,147,333</u>	<u>\$ 6,832,725</u>

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

BRIGHTLINE INTERACTIVE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS

Brightline Interactive, Inc. (“BLI,” the “Company,” or “Brightline”), formerly The Glimpse Group, Inc., is a software firm building SpatialCore, an interoperability and operational context platform for Physical AI. BLI’s operating entities are located in the United States. The Company was incorporated in the State of Nevada in June 2016 under the name The Glimpse Group, Inc.

In June 2026, the Company initiated the transformation from a portfolio of businesses into a focused technology company centered on its Brightline Interactive (“BLI Sub”) subsidiary and SpatialCore, its interoperability infrastructure platform for Physical AI. In connection therewith, the Company commenced divestiture or wind down of all subsidiaries at that time except BLI Sub. This culminated in August 2026 with the merger of all remaining subsidiaries into the parent The Glimpse Group, Inc. (“Glimpse”) and renaming Glimpse to Brightline Interactive, Inc. See Note 16.

The Company is listed on the Nasdaq Capital Market Exchange (“Nasdaq”) under the ticker BTLN (as of August 19, 2026, prior ticker was GGRP).

NOTE 2. GOING CONCERN

At each reporting period, the Company evaluates whether there are conditions or events that raise doubt about the Company’s ability to continue as a going concern within one year after the date that the financial statements are issued. The Company’s evaluation entails analyzing expectations for the Company’s cash needs and comparing those needs to the current cash and cash equivalent balances. The Company is required to make certain additional disclosures if it concludes substantial doubt exists and it is not alleviated by the Company’s plans or when its plans alleviate substantial doubt about the Company’s ability to continue as a going concern.

The Company has incurred recurring losses since its inception, including a net loss of approximately \$16.63 million for the year ended June 30, 2026. In addition, as of June 30, 2026, the Company had an accumulated deficit of approximately \$82.23 million. The Company’s cash and cash equivalents as of June 30, 2026 may not be sufficient to fund operations and other commitments for at least the next twelve months from the date of issuance of these consolidated financial statements. Accordingly, the Company has concluded that substantial doubt exists about the Company’s ability to continue as a going concern for a period of at least 12 months from the date of issuance of these consolidated financial statements.

In order to restore the going concern the Company may take actions which could include, but are not limited to, equity or debt financings. There is no assurance that these actions will be taken or be successful if pursued.

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of the uncertainties described.

NOTE 3. NASDAQ LISTING NOTIFICATION AND REVERSE STOCK SPLIT

On March 13, 2026, the Company received a notification letter from the Listing Qualifications Department of Nasdaq notifying the Company that, because the closing bid price for the Company’s common stock listed on Nasdaq was below \$1.00 for the prior 30 consecutive business days, the Company no longer meets the minimum bid price requirement for continued listing on the Nasdaq Capital Market. In accordance with Nasdaq Marketplace rules, the Company has a period of 180 calendar days from March 13, 2026 or until September 9, 2026, to regain compliance with the Minimum Bid Price Requirement.

On September 11, 2026, the Company, received a written notification (the “Staff Determination”) from the Nasdaq informing the Company that Nasdaq’s staff had determined to delist the Company’s common stock from Nasdaq pursuant to Nasdaq Listing Rule 5550(a)(2), requiring a minimum bid price of at least \$1.00 per share (the “Bid Price Requirement”). The Company did not regain compliance with the Bid Price Requirement by the September 9, 2026 deadline, and Nasdaq subsequently issued the Staff Determination on September 11, 2026. Under the Staff Determination, the Company has the right to appeal the Staff Determination by requesting a hearing before a Nasdaq Hearings Panel (the “Hearings Panel”). On September 17, 2026, the Company timely submitted a request for a hearing (the “Hearing”) before the Hearings Panel. The Hearing request stayed the suspension of the Company’s securities and the filing of a Form 25-NSE with the Securities and Exchange Commission (“SEC”) pending the issuance of a written decision by the Hearings Panel. The Common Stock will remain listed on Nasdaq, pending the outcome of the Hearing. There can be no assurance that following the Hearing, the Hearings Panel will determine to continue to allow the listing of the Common Stock on Nasdaq or that the Company will be able to evidence compliance with the applicable listing criteria within the period of time, if any, that may be granted by the Hearings Panel.

The Staff Determination does not affect the Company’s operations or reporting requirements with the SEC.

In connection with the above, in an effort to regain compliance with the Bid Price Requirement, the Company declared an 1:8 reverse common stock split effective with the opening of public equity markets on September 28, 2026 (see Note 16). All information throughout these consolidated financial statements related to the Company’s common stock has been retroactively revised to reflect the reverse stock split.

The Company and its Board of Directors continue to review other potential measures going forward.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Principles of Consolidation

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

Use of Estimates

In preparation of the consolidated financial statements in accordance with GAAP, the Company makes certain estimates and assumptions in determining the amounts reflected in the financial statements and the related notes. Actual results could differ from those estimates.

Discontinued Operations and Reclassifications

In June 2026, the decision was made by the Company to transform from a portfolio of businesses into a focused technology company centered on its BLI Sub and its product SpatialCore, an interoperability infrastructure platform for Physical AI.

Since the Company’s new leadership and Board of Directors assumed responsibility on June 1, 2026, the Company has focused on a series of initiatives intended to simplify the business, accelerate growth and strengthen its position in the emerging Physical AI market. These efforts have included the divestiture of all non-core and underperforming subsidiaries.

As further detailed in Note 5, the Company determined that the divestiture/wind down of subsidiaries pursuant to the efforts above met the criteria for presentation as discontinued operations as it represented a strategic shift that had a major impact on the Company’s operations and financial results.

Accordingly, results of operations, financial position, and cash flows for all subsidiaries except BLI Sub are reported as discontinued operations on the consolidated statement of operations and assets/liabilities of discontinued operations on the consolidated balance sheets for all periods presented.

Unless otherwise noted, information throughout these consolidated financial statements relates to continuing operations.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consists of amounts due from customers under normal trade terms. We recognize accounts receivable at the amount we expect to collect from our customers. We provide an allowance for credit losses to reflect the estimated amount of accounts receivable that may not be collectible. We determine the allowance for credit losses through a combination of specific identification of troubled accounts, historical loss experience, industry trends, current market conditions, and customer creditworthiness. The allowance for credit losses is adjusted periodically to reflect changes in these factors.

Goodwill

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

Goodwill is tested at the reporting unit (“RU”) level under the acquisition method approach per Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (“ASC”) 350-20, which represents all direct revenue and expense of the RU business. Goodwill is analyzed both quantitatively and qualitatively.

Quantitative measures primarily include a discounted cash flow model (“DCF”) assuming certain revenue and profit levels. The enterprise value of the RU based on the DCF model is compared to the carrying value of the RU. Quantitative models also may include industry comparable revenue multiple analyses.

Qualitative analysis includes existing customer contracts and quality of customers, expected new and follow-on contracts, value of the underlying technology developments, etc.

Fair Value of Financial Instruments

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

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3 — unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

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

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

Lease Obligations

Our operating leases are primarily comprised of administrative office space. We determine if an arrangement is a lease at inception and most of our leases contain fixed components. Our lease agreements may contain variable costs and such variable lease costs are expensed as incurred on the consolidated statements of operations.

For leases with a lease term greater than 12 months, Right-of-use ("ROU") assets and lease liabilities are recognized on our balance sheets at the commencement date based on the present value of the remaining fixed lease payments and includes only payments that are fixed and determinable at the time of commencement.

Our lease terms may include options to extend the lease. When determining the probability of exercising such options, we consider contract-based and market-based factors. We do not assume renewals in our determination of the lease term unless the renewals are deemed to be reasonably assured.

As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Our incremental borrowing rate is based on our understanding of what our credit rating would be in a similar economic environment.

Operating lease costs are recognized on a straight-line basis over the lease terms.

Revenue Recognition

Nature of Revenues

The Company primarily reports its revenues in two categories:

- Software Services: Spatial Computing projects, solutions and consulting services.
- Royalty Income: royalty income earned pursuant to specific agreements.

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

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

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

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

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

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

The Company recognizes royalty income pursuant to agreements with divested entities representing a percentage of said entities collected revenue.

Significant Judgments

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

Disaggregation of Revenue

The Company generated revenue by delivering: (i) Software Services, consisting primarily of Spatial Computing projects, solutions and consulting services, and (ii) Royalty income. The Company generates its revenues primarily from customers in the United States.

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

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

Timing of Revenue

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

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

For contracts recognized over time, deferred revenue includes billings invoiced for software projects for which the contract's performance obligations are not complete.

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

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

The timing of revenue recognition for the years ended June 30, 2026 and 2025 was as follows:

	For the Years Ended June 30,	
	2026	2025
Products and services transferred at a point in time	\$ 75,025	\$ 5,264,282
Products and services transferred/recognized over time	247,954	2,404
Total revenue	<u>\$ 322,979</u>	<u>\$ 5,266,686</u>

Customer Concentration

One customer accounted for approximately 78% of the Company's total revenue for the year ended June 30, 2026. One different customer accounted for approximately 80% of the Company's total revenue for the year ended June 30, 2025.

Stock-Based Compensation

The Company recognizes stock-based compensation expense related to grants to employees or service providers based on grant date fair values of common stock or the stock options, which are amortized over the requisite period, as well as forfeitures as they occur. The Company values the options using the Black-Scholes Merton ("Black Scholes") method utilizing various inputs such as expected term, expected volatility and the risk-free rate. The expected term reflects the application of the simplified method, which is the weighted average of the contractual term of the grant and the vesting period for each tranche. Expected volatility is based upon historical volatility for a rolling previous year's trading days of the Company's common stock. The risk-free rate is based on the implied yield of U.S. Treasury notes as of the grant date with a remaining term approximately equal to the expected life of the award.

Research and Development Costs

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

Income Taxes

The Company records income taxes using the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax effects attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and operating loss and tax credit carryforwards. The Company establishes a valuation allowance if it is more likely than not that the deferred tax assets will not be recovered based on an evaluation of objective verifiable evidence. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in material changes to its financial position.

The Company's policy for recording interest and penalties associated with audits is to record such expense as a component of income tax expense. There were no amounts accrued for penalties or interest for the years ended June 30, 2026 and 2025. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

Warrants

The Company accounts for warrants issued in connection with equity financings as either equity-classified or liability-classified instruments based on an assessment of the specific terms of each warrant and applicable authoritative guidance in ASC 480 and ASC 815-40. The assessment considers whether the warrants are freestanding financial instruments under ASC 480, whether they meet the definition of a liability under ASC 480, and whether they meet all of the requirements for equity classification under ASC 815-40, including whether the warrants are indexed to the Company's own common stock and whether the holders could potentially require net cash settlement in circumstances outside the Company's control. This assessment is performed at issuance and as of each subsequent reporting date while the warrants remain outstanding. Equity-classified warrants are recorded within additional paid-in capital at their issuance-date relative fair value and are not subsequently remeasured. When an equity-classified warrant containing a down-round feature is triggered, the Company measures the value of the effect of that feature and recognizes it as a deemed dividend and a reduction of income available to common stockholders in basic earnings per share.

Earnings Per Share

Basic earnings per share ("EPS") is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of shares of common stock plus the effect of potentially dilutive shares of common stock outstanding during the period using the treasury stock method. Potentially dilutive common shares include the issuance of potential shares of common stock for outstanding stock options and warrants.

Recent Accounting Pronouncements Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-09, Income Taxes – Improvements to Income Tax Disclosures, requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company adopted this standard update effective July 1, 2025 using a prospective approach and included the required disclosures in Note 13. This standard update did not affect the Company's operating results.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, to enhance specified information about certain costs and expenses at each interim and annual reporting period so that investors can better understand an entity's overall performance. The guidance is effective for the Company's annual periods beginning July 1, 2027. The Company is currently evaluating the ASU to determine its impact on its financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements. This ASU provides a comprehensive list of interim disclosures that are required by GAAP and clarifies the applicability of Topic 270, as well as a requirement to disclose events since the end of the last annual reporting period that have a material impact on the entity. The new standard will become effective for the Company's interim disclosures beginning in fiscal year 2029. Early adoption is permitted and the new guidance should be applied prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact of this standard on its financial statements and disclosures.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements. This ASU includes amendments to the FASB Accounting Standards Codification for a broad range of topics arising from technical corrections, unintended application of the Codification, clarifications, and other minor improvements. These amendments are not expected to have a significant effect on current accounting practice for most entities. The new standard will become effective for the Company's interim and annual reporting periods beginning in fiscal year 2028. Early adoption is permitted on an issue-by-issue basis and the new guidance should be applied prospectively or retrospectively on an issue-by-issue basis. The Company is currently evaluating the impact of this standard on its financial statements and disclosures.

NOTE 5. DIVESTITURES, BUSINESS WIND DOWNS, DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

In June 2026, the decision was made by the Company to transform from a portfolio of businesses into a focused technology company centered on its Brightline subsidiary and its SpatialCore product, an interoperability infrastructure platform for Physical AI.

Since the Company's new leadership and Board of Directors assumed responsibility on June 1, 2026, the Company has focused on a series of initiatives intended to simplify the business, accelerate growth and strengthen its position in the emerging Physical AI market. These efforts have included the divestiture of all non-core and underperforming subsidiaries.

Accordingly, all subsidiaries except BLI Sub are reported as discontinued operations on the consolidated statement of operations and assets/liabilities of discontinued operations on the consolidated balance sheets for all periods presented.

Divestiture

Glimpse Learning, LLC ("Learning")

In June 2026, the company sold its Learning subsidiary to a newly formed entity which is majority owned by the former chief executive of the Company (see Note 14). The Company received a 19.99% equity interest in the new entity and potential future royalty payments commencing in July 2027. The Company also paid the new entity a \$200,000 working capital adjustment in July 2026, which represented the remaining term of software license customer support payments the Company had received as of June 30, 2026, in return for new entity assuming the obligation to satisfy these support commitments. This is reported as due to related party on the consolidated balance sheet as of June 30, 2026.

Learning has historically incurred losses, and the Company believes this trend will continue with the new entity, particularly considering the challenges to the future viability of the Virtual Reality/Augmented Related industry. In addition, this situation makes the likelihood of receiving more than de minimis royalties in the future remote. Accordingly, the Company considers the non-controlling equity interest to have no value and has recorded no contingent consideration to be received resulting in no gain, or loss, on the Learning divestiture.

Prior to the Learning divestiture and the Company's refocus to SpatialCore, it was determined that the goodwill of Learning was impaired based on historical operating losses and lack of visibility to future profitable operations. A total goodwill impairment of \$300,000 was recorded in the year ended June 30, 2026 and is included in the loss from discontinued operations on the consolidated statement of operations

Learning's results of operations are reported in loss from discontinued operations on the consolidated statement of operations and its assets and liabilities are reports as assets or liabilities of discontinued operations on the consolidated balance sheet.

Divestiture and Business Wind Down

Glimpse Lenses, LLC ("Lenses")

In October 2024, a significant portion of Lenses (known as QReal, LLC ("QReal") at that time) was divested, including its Turkish subsidiary, in a management buyout by the then General Manager of QReal.

The assets, as defined in the divestiture agreement, of QReal/Glimpse Turkey, were sold in return for a \$1.56 million senior secured convertible note (the "Note") from the purchasing ("New") entity and a 10% equity stake in New entity. Principal payback of the note is tied directly to revenue collected by New entity (separate from the Milestone – see below). The Company has fully reserved against the Note as collectability was considered remote at the time and there have been no note payments to date. The Company recorded a loss on this divestiture of approximately \$0.16 million in the year ended June 30, 2025.

The Company retained the revenues from QReal's largest customer in full, until such time that the Company had collected and retained \$1.35 million net cash in the aggregate, after taking into account all related operating expenses and fees (the "Milestone"). The Milestone was never fully achieved and QReal's major customer terminated their revenue agreement in March 2026. This customer termination led to the wind down of the Lenses subsidiary during the year ended June 30, 2026.

Lenses' results of operations (including loss on QReal divestiture) are reported in loss from discontinued operations on the consolidated statement of operations and its assets and liabilities are reports as assets or liabilities of discontinued operations on the consolidated balance sheet.

Business Wind Down

Sector 5 Digital, LLC (“S5D”)

As part of the Company’s refocus on SpatialCore, S5D was identified as a non-core and underperforming subsidiary. During the year ended June 30, 2026, all S5D customer were informed of the decision to wind down the business and all employees were terminated.

During the year ended June 30, 2026, the Company sold certain assets of S5D and recorded a gain on sale of \$0.24 million.

S5D’s results of operations (including gain on sale of certain assets) are reported in loss from discontinued operations on the consolidated statement of operations and its assets and liabilities are reports as assets or liabilities of discontinued operations on the consolidated balance sheet.

Summary

Following are the details of the aforementioned subsidiaries divestiture/wind downs reported as assets/liabilities of discontinued operations on the consolidated balance sheets as of June 30, 2026 and 2025.

	As of June 30, 2026		
	Lenses	S5D	Total
ASSETS			
Accounts receivable	\$ 7,350	\$ 61,191	\$ 68,541
Deferred costs	-	23,754	23,754
Prepaid expenses and other current assets	-	8,622	8,622
Current assets of discontinued operations	<u>\$ 7,350</u>	<u>\$ 93,567</u>	<u>\$ 100,917</u>
Right-of-use assets, net	\$ -	\$ 4,557	\$ 4,557
Other assets	-	1,000	1,000
Non-current assets of discontinued operations	<u>\$ -</u>	<u>\$ 5,557</u>	<u>\$ 5,557</u>
LIABILITIES			
Accounts payable	\$ 87	\$ 15,117	\$ 15,204
Accrued liabilities	28,331	27,837	56,168
Deferred revenue	-	155,500	155,500
Lease liabilities, current portion	-	4,704	4,704
Other current liabilities of discontinued operations	<u>\$ 28,418</u>	<u>\$ 203,158</u>	<u>\$ 231,576</u>

As of June 30, 2025				
	Learning	Lenses	S5D	Total
ASSETS				
Accounts receivable	\$ 237,102	\$ 385,010	\$ 218,439	\$ 840,551
Deferred costs	(270)	7,088	-	6,818
Prepaid expenses and other current assets	61,493	376	74,921	136,790
Current assets of discontinued operations	<u>\$ 298,325</u>	<u>\$ 392,474</u>	<u>\$ 293,360</u>	<u>\$ 984,159</u>
Equipment and leasehold improvements, net	\$ -	\$ -	\$ 15,077	\$ 15,077
Right-of-use assets, net	-	-	14,791	14,791
Intangible assets, net	36,270	-	-	36,270
Goodwill	300,000	-	-	300,000
Other assets	-	-	1,000	1,000
Non-current assets of discontinued operations	<u>\$ 336,270</u>	<u>\$ -</u>	<u>\$ 30,868</u>	<u>\$ 367,138</u>
LIABILITIES				
Accounts payable	\$ 30,940	\$ 115,970	\$ 38,417	\$ 185,327
Accrued liabilities	11,066	214,129	55,517	280,712
Deferred revenue	-	7,875	44,701	52,576
Lease liabilities, current portion	-	-	10,405	10,405
Other current liabilities of discontinued operations	<u>\$ 42,006</u>	<u>\$ 337,974</u>	<u>\$ 149,040</u>	<u>\$ 529,020</u>
Long term liabilities				
Lease liabilities, net of current portion	\$ -	\$ -	\$ 4,704	\$ 4,704
Long term liabilities of discontinued operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,704</u>	<u>\$ 4,704</u>

Following are the details of the aforementioned subsidiaries divestiture/wind downs reported as discontinued operations on the consolidated statements of operations for the years ended June 30, 2026 and 2025.

For the Years ended June 30 2026				
	Learning	Lenses	S5D	Total
Total revenue	\$ 1,035,352	\$ 951,689	\$ 1,349,196	\$ 3,336,237
Cost of goods sold	291,171	159,498	482,909	933,578
Gross profit	<u>744,181</u>	<u>792,191</u>	<u>866,287</u>	<u>2,402,659</u>
Operating expenses (including allocated corporate overhead):				
Research and development expenses	633,492	692,482	546,475	1,872,449
General and administrative expenses (net of (gain) on sale of business)	301,584	252,198	310,267	864,049
Sales and marketing expenses	292,388	95,860	150,595	538,843
Amortization of acquisition intangible assets	36,271	-	-	36,271
Goodwill impairment	300,000	-	-	300,000
Total operating expenses	<u>1,563,735</u>	<u>1,040,540</u>	<u>1,007,337</u>	<u>3,611,612</u>
Loss from discontinued operations	<u>\$ (819,554)</u>	<u>\$ (248,349)</u>	<u>\$ (141,050)</u>	<u>\$ (1,208,953)</u>

	For the Years ended June 30, 2025			
	Learning	Lenses	S5D	Total
Total revenue	\$ 1,115,464	\$ 2,337,044	\$ 1,808,731	\$ 5,261,239
Cost of goods sold	178,461	405,665	768,490	1,352,616
Gross profit	937,003	1,931,379	1,040,241	3,908,623
Operating expenses (including allocated corporate overhead):				
Research and development expenses	676,751	987,593	726,383	2,390,727
General and administrative expenses (net of loss on sale of business)	375,774	684,550	555,796	1,616,120
Sales and marketing expenses	538,223	370,656	226,045	1,134,924
Amortization of acquisition intangible assets	133,817	-	-	133,817
Change in fair value of acquisition contingent consideration	(35,714)	-	-	(35,714)
Total operating expenses	1,688,851	2,042,799	1,508,224	5,239,874
Loss from discontinued operations	\$ (751,848)	\$ (111,420)	\$ (467,983)	\$ (1,331,251)

NOTE 6. GOODWILL IMPAIRMENT

During the year ended June 30, 2026 (specifically during the three months ended March 31, 2026) there occurred a triggering event that gave rise to assess the carrying value of the BLI Sub RU goodwill balance.

The BLI Sub reporting unit ("BRU") product customer is principally the U.S. Department of War ("DOW"). U.S. Government funding for new DOW projects that BRU was anticipating was put on hold as a result of: 1) the U.S. Government shutdown in January 2026, 2) the Continuing Budget Resolution in February 2026 which produced no new funding, and 3) delay in passing of the U.S. Government fiscal year 2026 budget.

The budget delay above resulted in BRU no longer being able to invoice its current primary DOW customer for work currently being done, material uncertainty regarding whether the current work will be funded in an ultimate U.S. Government budget passage and limited visibility regarding its ability to secure other future revenue contracts.

While revenues may be generated in the future, if the U.S. Government fiscal year 2026 budget or subsequent years budgets are approved or when the project is included in an approved budget in subsequent years, the current lack of sight into future revenue contracts and the Company's inability to generate material revenues in the current fiscal year has removed the primary driver of the quantitative DCF modelling that is utilized in order to determine the enterprise value of BRU. This also makes the qualitative assessment of BRU's technology challenging to assess. In accordance with our accounting policies (see Note 4), it was determined that BRU enterprise value is negligible from a financial reporting perspective. This resulted in a total goodwill impairment to the BRU, and the Company recorded a goodwill impairment expense of approximately \$10.56 million in the consolidated statement of operations for the year ended June 30, 2026.

NOTE 7. SEGMENT AND RELATED INFORMATION

The Company has one reportable segment managed on a consolidated basis: immersive technology software development and commercialization. The Company derives revenue primarily in the United States and manages all business activities on a consolidated basis. The services are deployed to customers in a similar manner.

The Company's chief operating decision maker ("CODM") is the chief executive officer who reviews financial information presented on a consolidated basis to allocate resources, evaluate performance and make overall operating decisions. The measure of segment profit or loss that is most consistent with the consolidated financial statements is net cash used in operating activities. The accounting policies of our single reportable segment are the same as those for the consolidated financial statements. The level of disaggregation and amounts of significant revenue and cash expenses that are regularly provided to the CODM are the same as presented in the consolidated statement of operations. Likewise, the measure of segment assets is reported on the consolidated balance sheets as total assets.

The table below is a summary of segment operating expenses from continuing operations.

	For the Years ended June 30,	
	2026	2025
Personnel related	\$ 3,044,580	\$ 2,589,768
Stock based compensation	740,709	622,063
Professional fees	536,067	244,503
Software/IT services	347,888	351,089
Goodwill impairment	10,557,600	-
Equity market listing and investor relations	248,686	127,769
Amortization of acquisition in tangible assets	24,445	293,333
Change in fair value of acquisition contingent consideration	16,417	138,126
Other expenses	239,066	255,789
Total operating expenses from continuing operations	\$ 15,755,458	\$ 4,622,440

Other expenses include facilities costs and other individually insignificant costs.

NOTE 8. FINANCIAL INSTRUMENTS

Cash and Cash Equivalents

The Company's money market funds are categorized as Level 1 within the fair value hierarchy. As of June 30, 2026 and, 2025, the Company's cash and cash equivalents were as follows:

As of June 30, 2026				
	Cost	Unrealized Gain (Loss)	Fair Value	Cash and Cash Equivalents
Cash	\$ 81,504	\$ -		\$ 81,504
Level 1:				
Money market funds	3,065,829	-	\$ 3,065,829	3,065,829
Total cash and cash equivalents	<u>\$ 3,147,333</u>	<u>\$ -</u>	<u>\$ 3,065,829</u>	<u>\$ 3,147,333</u>
As of June 30, 2025				
	Cost	Unrealized Gain (Loss)	Fair Value	Cash and Cash Equivalents
Cash	\$ 130,288	\$ -		\$ 130,288
Level 1:				
Money market funds	6,702,437	-	\$ 6,702,437	6,702,437
Total cash and cash equivalents	<u>\$ 6,832,725</u>	<u>\$ -</u>	<u>\$ 6,702,437</u>	<u>\$ 6,832,725</u>

Contingent Consideration

Contingent consideration was valued at the time of the BLI Sub acquisition using unobservable inputs and included using a Monte Carlo simulation model, which model incorporated revenue volatility, internal rate of return, and a risk-free rate. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management with the assistance, at times, of a third-party valuation specialist.

There is no contingent consideration as of June 30, 2026.

In July 2025 the Company finalized the contingent consideration related to the acquisition of BLI Sub which resulted in a final contingent consideration cash payout of \$1.50 million in October 2025. \$0.75 million of this payment was made to the current chief executive officer (effective June 1, 2026) of the Company and his immediate family. See Note 14.

The change in fair value of contingent consideration for BLI Sub for the year ended June 30, 2026 was a non-cash expense of approximately \$0.02 million included as change in fair value of acquisition contingent consideration in the consolidated statement of operations. This reflects the change in the time value of money related to the present value of anticipated payment.

As of June 30, 2025, the Company's contingent consideration liability balance was as follows:

As of June 30, 2025					
	Contingent Consideration at Purchase Date	Cumulative Consideration Paid	Cumulative Changes in Fair Value	Fair Value	Contingent Consideration
Level 3:					
Contingent consideration – BLI LLC	\$ 7,324,900	\$ (2,997,894)	\$ (2,843,423)	\$ 1,483,583	\$ 1,483,583
Contingent consideration - XRT	-	(499,288)	499,288	-	-
Total contingent consideration	<u>\$ 7,324,900</u>	<u>\$ (2,997,894)</u>	<u>\$ (2,843,423)</u>	<u>\$ 1,483,583</u>	<u>\$ 1,483,583</u>

Actual BLI Sub revenue through June 30, 2025 resulted in additional gross consideration of \$1.50 million over the remainder of the contingent consideration payout period ending on July 31, 2025, payable in cash. Actual BLI Sub revenue through July 31, 2025 did not trigger additional consideration. Accordingly, contingent consideration remaining for the BLI Sub acquisition as of June 30, 2025 is calculated at the present value of the remaining \$1.50 million cash discounted at risk-free interest rates from the estimated payment date.

The change in fair value of contingent consideration for BLI Sub for the year ended June 30, 2025 was a non-cash expense of approximately \$0.14 million included as change in fair value of acquisition contingent consideration in the consolidated statement of operations. This reflects the change in the time value of money related to the present value of anticipated payments.

The change in fair value of contingent consideration for XR Terra, LLC ("XRT", ultimately part of Learning) for the year ended June 30, 2025 was a non-cash gain of approximately \$0.03 million included in loss on discontinued operations in the consolidated statement of operations. This reflects the reversal of the estimated final consideration payment related to the acquisition of XRT. The contingent consideration payout period ended September 2024.

NOTE 9. NOTES RECEIVABLE

In connection with the QReal divestiture (see Note 5), the Company made personal loans to the majority owner of the purchasing entity to assist in startup funding of said entity. These loans were personally guaranteed by said majority owner. The loans were fully repaid during the year ended June 30, 2026. The outstanding balance on the loans is recorded as of June 30, 2025 in the consolidated balance sheets as notes receivable.

NOTE 10. DEFERRED COSTS AND DEFERRED REVENUE

As of June 30, 2026 and, 2025, deferred costs totaling \$0 and \$42,153, respectively, consist of costs deferred under contracts not completed and recognized at a point in time. As of June 30, 2026 and 2025, deferred revenue, totaling \$6,961 and \$0, respectively, consists of revenue deferred under contracts not completed and recognized at a point in time.

The following table shows the net activity of deferred cost and deferred revenue for the years ended June 30, 2026 and 2025:

	As of and for the Years ended June 30,	
	2026	2025
Deferred costs - beginning of period	\$ 42,153	\$ 104,704
Deferred cost recognized as cost of goods sold / expense during period	(42,153)	(88,568)
Costs incurred and not yet recognized as cost of goods sold	-	26,017
Deferred cost - end of period	<u>\$ -</u>	<u>\$ 42,153</u>
Deferred revenue - beginning of period	\$ -	\$ -
Payments received and not yet recognized as revenue	6,961	-
Deferred revenue - end of period	<u>\$ 6,961</u>	<u>\$ -</u>

NOTE 11. EQUITY

Common Stock Issued

Securities Purchase Agreements (“SPA”)

SPA 2026

In May 2026, the Company completed a SPA with certain existing institutional and individual investors selling 77,788 shares of common stock at \$4.40 per share and prefunded warrants to purchase up to 341,530 shares of common stock at \$4.39 per warrant (which is convertible to one share of common stock on a one for one basis).

Included with this SPA, the Company issued common stock warrants to purchase up to 524,148 shares of common stock at \$4.39 per warrant, convertible to common stock on a one for one basis. The relative fair value of the warrants issued in connection with this SPA is \$1,609,692, which is included in additional paid-in capital.

The Company realized total net proceeds (after professional fees) of \$1.77 million from the May 2026 SPA.

Also see Notes 14 and 16.

SPA 2024

In December 2024, the Company completed a SPA with an institutional investor selling 248,750 shares of common stock at \$21.20 per share and prefunded warrants to purchase up to 95,000 shares of common stock at \$21.19 per warrant (which is convertible to one share of common stock on a one for one basis). The prefunded warrants had an exercise price of \$0.001 per share of common stock, and were exercised in full in January 2025 for a de minimis amount (95,000 shares at \$0.001 per share).

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

Exercise of Warrants

In December 2024, an institutional investor exercised warrants (issued in connection with the November 2021 SPA) convertible into 12,500 shares of common stock. The Company realized proceeds of \$0.18 million (\$14.00 per share).

In January 2025, an institutional investor exercised warrants (issued in connection with a December 2024 SPA) convertible into 95,000 shares of common stock. The Company realized de minimis proceeds (95,000 shares at \$0.001 per share).

Common stock issued to Employees as Compensation

During the year ended June 30, 2026, the Company issued 2,625 unrestricted shares of common stock to an employee as compensation and recorded share-based compensation expense of approximately \$0.03 million in loss on discontinued operations in the consolidated statement of operations.

During the year ended June 30, 2025, the Company issued 4,625 unrestricted shares of common stock to an employee as compensation and recorded share-based compensation expense of approximately \$0.05 million in loss on discontinued operations in the consolidated statement of operations.

Common stock issued to Vendors

During the year ended June 30, 2025, the Company issued 312 unrestricted shares of common stock to a vendor for services performed and recorded share-based compensation expense of approximately \$0.01 million in loss on discontinued operations in the consolidated statement of operations.

Common stock issued for Exercise of Stock Options

During the year ended June 30, 2025, the Company issued approximately 1,000 shares of common stock in cashless transactions upon exercise of the respective option grants and realized cash proceeds of zero.

Warrants

In connection with the November 2021 SPA and the May 2026 SPA, the Company issued warrants, which are exercisable into Company common shares on a one-for-one basis, as detailed below. The warrants are not publicly traded.

The remaining outstanding warrants as of June 30, 2026 are:

	Warrants Outstanding	Exercise Price	Expiration Date
November 2021 SPA	60,125	\$ 4.40	November 2026
November 2021 SPA	21,125	\$ 4.40	May 2027
May 2026 SPA	524,147	\$ 4.40	November 2033
May 2026 SPA (Prefunded Warrants)	341,530	\$ 4.40	No Expiry
Total	946,927		

Down-round adjustment

The warrants issued in the Company's November 2021 SPA contain a provision that reduces the exercise price if the Company subsequently issues common stock, or securities exercisable or convertible into common stock, at an effective price per share below the then-current exercise price, subject to specified exceptions. In connection with the May 2026 SPA offering of common stock and pre-funded warrants at an effective price of \$4.40 per share, this provision was triggered and the exercise price of the 81,250 such warrants then outstanding was reduced from \$14.00 per share to \$4.40 per share. The number of shares issuable upon exercise of those warrants was not changed.

In accordance with ASC 815-40-35-17, the Company measured the value of the effect of the down round feature as the difference between the fair value of the warrants immediately after the trigger using the pre-reduction exercise price of \$14.00 and their fair value using the reduced exercise price of \$4.40. For each tranche, both measurements were performed as of the same date using the same stock price, expected volatility, risk-free interest rate and remaining contractual term, so that the exercise price is the only assumption that differs between them, and neither measurement reflects the down-round feature. The Company determined that value to be \$89,005 using a Black-Scholes option pricing model. Because the two tranches have different remaining contractual terms, the assumptions were determined separately for each tranche: expected volatility of 83.9% and 84.7%; risk-free interest rates of 3.8% and 3.8%; remaining contractual terms of 0.47 and 0.97 years; and an expected dividend yield of 0% for both tranches.

The \$89,005 value of the effect of the down round feature was recognized as a deemed dividend and reduced income available to common stockholders in the computation of net loss per share for the year ended June 30, 2026. Because the Company has an accumulated deficit and the amount represents a return of contributed capital rather than a distribution of earnings, no amount was reclassified within stockholders' equity and total stockholders' equity was unchanged. The down round adjustment did not affect the equity classification of the warrants, and the warrants were not remeasured.

Stock-Based Compensation

Equity Incentive Plan

The Company's 2016 Equity Incentive Plan (the "Plan"), as amended, has approximately 1.78 million common shares reserved for issuance. As of June 30, 2026, there were approximately 1.33 million shares available for issuance under the Plan.

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

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

	For the Years Ended June 30,	
	2026	2025
Weighted average expected terms (in years)	5.6	5.5
Weighted average expected volatility	101.0%	125.6%
Weighted average risk-free interest rate	4.0%	4.3%
Expected dividend yield	0.0%	0.0%

The grant date fair value for options granted during the years ended June 30, 2026 and 2025 was approximately \$0.48 million and \$0.75 million, respectively.

The following is a summary of the Company's stock option activity for the years ended June 30, 2026 and 2025:

	Options	Weighted Average		Intrinsic Value
		Exercise Price	Remaining Contractual Term (Yrs)	
Outstanding at July 1, 2025	345,775	\$ 26.96	5.6	\$ -
Options Granted	70,026	10.48	7.3	130,053
Options Exercised	-	-	0.0	-
Options Forfeited / Cancelled	(91,590)	27.28	0.4	-
Outstanding at June 30, 2026	324,211	\$ 23.36	4.4	\$ 130,053
Exercisable at June 30, 2026	292,132	\$ 24.32	3.9	\$ 100,609

	Options	Weighted Average		Intrinsic Value
		Exercise Price	Remaining Contractual Term (Yrs)	
Outstanding at July 1, 2024	455,484	\$ 31.60	6.5	\$ -
Options Granted	68,225	19.04	9.4	16,300
Options Exercised	(4,450)	20.00	1.8	-
Options Forfeited / Cancelled	(173,484)	36.24	6.8	9,942
Outstanding at June 30, 2025	345,775	\$ 26.96	5.6	\$ -
Exercisable at June 30, 2025	231,266	\$ 28.64	4.6	\$ -

The intrinsic value of stock options activity for the years ended June 30, 2026 and 2025 was computed using a fair market value (fiscal year to date VWAP – volume weighted average price) of the common stock of \$8.80 per share and \$18.48 per share, respectively.

The intrinsic value of stock options outstanding and exercisable as of June 30, 2026 and 2025 was computed using Nasdaq market closing prices of the common stock of \$6.16 per share and \$10.88 per share, respectively.

The preceding stock option activity tables exclude 0.25 million executive target options, whose vesting was considered remote (and therefore not expensed) from issuance in 2023 until these never-vested options were cancelled upon the executives' resignations in May and June 2026.

The Company's stock option-based expense for the years months ended June, 2026 and 2025 consisted of the following:

	For the Years Ended June 30	
	2026	2025
Stock option-based expense:		
Research and development expenses	\$ 107,353	\$ 107,563
General and administrative expenses	324,572	254,011
Sales and marketing expenses	18,326	31,100
Board option expense	290,458	229,389
Total	<u>\$ 740,709</u>	<u>\$ 622,063</u>

As of June 30, 2026, total unrecognized compensation expense to employees, board members and vendors related to stock options was approximately \$0.23 million and is expected to be recognized over a weighted average period of 1.56 years.

NOTE 12. EARNINGS PER SHARE

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

	For the Years Ended June 30,	
	2026	2025
Numerator:		
Net loss	\$ (16,634,986)	\$ (2,552,651)
Deemed dividend (see Note 11)	(89,005)	-
Total numerator	<u>\$ (16,716,236)</u>	<u>\$ (2,552,651)</u>
Denominator:		
Weighted-average common shares outstanding for basic and diluted net loss per share	2,643,559	2,454,171
Basic and diluted net loss per share	<u>\$ (6.33)</u>	<u>\$ (1.04)</u>

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

	For the Years Ended June 30	
	2026	2025
Options	525,135	631,316
Warrants	206,000	101,687
Total	<u>731,135</u>	<u>733,003</u>

The potentially dilutive options include 0.25 million executive target options for both periods (see Note 11).

NOTE 13. PROVISION FOR INCOME TAXES

The components of loss before provision for income taxes for the years ended June 30, 2026 and 2025 were as follows:

	For the Years Ended June 30,	
	2026	2025
Loss subject to domestic income taxes	\$ (15,426,033)	\$ (1,221,400)
Loss subject to foreign income taxes	-	-
Total loss	<u>\$ (15,426,033)</u>	<u>\$ (1,221,400)</u>

The Company recorded no provision for foreign income taxes for the years ended June 30, 2026 and 2025.

There was no current or deferred income tax provision for the years ended June 30, 2026 and 2025.

A reconciliation of the expected tax provision at the statutory federal income tax rate to the Company's recorded tax provision consisted of the following, subsequent to the adoption of ASU 2023-09:

	For the Year Ended June 30, 2026	
	Amount	Percent
Computed expected tax benefit at U.S. federal tax statutory rate	\$ (3,239,467)	-21.0%
State benefit, net of federal benefit	(134,895)	-4.2%
Nontaxable or nondeductible items:		
Stock based compensation expense	81,454	25.2%
Goodwill	2,530,654	25.2%
Valuation allowance	762,254	-25.2%
Provision for income tax and effective tax rate	<u>\$ -</u>	<u>0.0%</u>

A reconciliation of the expected tax provision at the statutory federal income tax rate to the Company's recorded tax provision consisted of the following, prior to the adoption of ASU 2023-09:

	For the Year Ended June 30, 2025
Computed expected tax benefit at U.S. federal tax statutory rate	\$ (256,494)
State benefit, net of federal benefit	(5,238)
Nontaxable or nondeductible items:	
Stock based compensation expense	68,429
Goodwill	(271,419)
Valuation allowance	464,722
Provision for income tax	<u>\$ -</u>

There was no cash paid for income taxes for the year ended June 30, 2026 subsequent to the adoption of ASU 2023-09.

Net deferred tax asset consisted of the following as of June 30, 2026 and 2025:

	As of June 30,	
	2026	2025
Net operating loss carryforwards	\$ 12,215,461	\$ 8,189,759
Goodwill and intangible asset	2,216,688	3,467,304
Stock based compensation	399,052	369,595
Other	-	583,433
Total deferred tax assets	14,831,201	12,610,091
Valuation allowance	(14,831,201)	(12,610,091)
Deferred tax asset, net	<u>\$ -</u>	<u>\$ -</u>

The Company has established a valuation allowance against the net U.S. deferred tax assets due to uncertainty regarding the ability to utilize these deferred tax assets in the future. As of June 30, 2026, the Company had Federal net operating loss carryforwards ("NOLs") for the years ending June 30, 2018 and prior of approximately \$2.88 million that begin to expire in 2037 and NOLs for the years ending June 30, 2019 through 2026 of approximately \$52.46 million that have no expiration date. New York State / New York City NOLs as of June 30, 2026 of approximately \$15.26 million and \$15.26 million, respectively, have no expiration date. California and Virginia State NOLs as of June 30, 2025 of \$17.02 million and \$4.97 million, respectively, have no expiration date.

Section 382 of the U.S. Internal Revenue Code imposes an annual limitation on the amount of net operating loss carryforwards that may be used to offset taxable income when a corporation has undergone significant changes in stock ownership. The Company has not completed a Section 382 analysis of stock ownership and its effect upon federal and state NOL carryforwards. Consequently, the Company's NOL carryforwards may be subject to annual limitations under Section 382.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and taxing strategies in making this assessment. As a result of the uncertainty in the realization of the Company's deferred tax assets, the Company has provided a valuation allowance for the full amount of the deferred tax assets as of June 30, 2026 and 2025.

Upon completion of its 2025 (for fiscal year ending June 30, 2026) U.S. income tax return, the Company may identify additional remeasurement adjustments. The Company will continue to assess its provision for income taxes as future guidance is issued, but does not currently anticipate significant revisions will be necessary.

Uncertain Tax Positions

The following table summarizes the activity related to unrecognized tax benefits for the years ended June 30, 2026 and 2025:

	For the Years Ended June 30,	
	2026	2025
Unrecognized tax benefit - beginning of year	\$ -	\$ 38,588
Gross increases - prior year tax positions	-	-
Gross decreases - prior year tax positions	-	(38,588)
Gross increases - current year tax positions	-	-
Gross decreases - current year tax positions	-	-
Statute lapse	-	-
Total provision for income taxes	<u>\$ -</u>	<u>\$ -</u>

No interest and penalties were incurred or accrued for the years ended June 30, 2026 and 2025.

The Company files U.S., state and foreign tax returns with varying statutes of limitations. No examinations by U.S., state or foreign authorities are currently under way.

NOTE 14. RELATED PARTY TRANSACTION

In June 2026, the company sold the Learning subsidiary to an entity controlled by the former chief executive officer of the Company. See Note 5.

In February 2025, the company paid to the current (effective June 1, 2026) chief executive officer of the Company and his immediate family \$0.75 million representing contingent consideration due from the August 2022 purchase of the BLI Sub. In October 2025, the company paid to the current (effective June 1, 2026) chief executive officer of the Company and his immediate family an additional \$0.75 million representing the final contingent consideration due from the August 2022 purchase of the BLI Sub by the Company. There are no further contingent consideration payments due on the August 2022 purchase of the BLI Sub as of June 30, 2026. See Note 8.

The May 2026 SPA (Note 11) included 16,197 shares of common stock (and associated warrants) issued to current and former Company executives and Board members. Gross proceeds received from these related parties was approximately \$71,000.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Lease Costs

The Company made cash payments for all operating leases for the years ended June 30, 2026 and 2025, of approximately \$0.22 million and \$0.27 million, respectively, which were included in net cash used in operating activities within the consolidated statements of cash flows. As of June 30, 2026, the Company's operating leases have a weighted average remaining lease term of 0.58 years and weighted average discount rate of 8.44%.

The total rent expense for all operating leases for the years ended June 30, 2026 and 2025, was approximately \$0.21 million and \$0.29 million, respectively.

Lease Commitments

The Company has two operating leases for its offices. These existing leases have remaining lease terms ranging from approximately 0.34 to 0.58 years. Certain lease agreements contain options to renew, with renewal terms that generally extend the lease terms by 1 to 3 years for each option. Lease renewals have not been determined at this time.

Future approximate undiscounted lease payments for the Company's operating lease liabilities and a reconciliation of these payments to its operating lease liabilities as of June 30, 2026 are as follows:

Year Ended June 30,	
2027	
	\$ 144,708
Total future minimum lease commitments, including short-term leases	144,708
Less: future minimum lease payments of short-term leases	(21,000)
Less: imputed interest	(3,816)
Present value of future minimum lease payments, excluding short term leases	\$ 119,892
Current portion of operating lease liabilities	\$ 119,892
Non-current portion of operating lease liabilities	-
Total operating lease liability	\$ 119,892

Contingent Consideration for Acquisitions

Contingent consideration for acquisition consists of the following as of June 30, 2026 and 2025, respectively (see Note 8):

	As of June 30,	
	2026	2025
BLI acquisition	\$ -	\$ 1,483,583
Total contingent consideration for acquisition	\$ -	\$ 1,483,583

NOTE 16. SUBSEQUENT EVENTS

In August 2026, as part of the transformation from a portfolio of businesses into a focused technology company centered on SpatialCore, the Company:1) merged all of its subsidiary companies into the parent, The Glimpse Group, Inc., and 2) changed the name of the Company to Brightline Interactive, Inc. In conjunction therewith, the Company's Nasdaq ticker changed to "BTLN" (previously "GGRP").

As detailed in Note 3, the Company declared an 1:8 reverse stock split effective with the opening of public equity markets on September 28, 2026. This is in an effort to remediate the delisting notification from the Nasdaq received on September 11, 2026, which listing suspension is currently stayed pursuant to a hearing request with the Nasdaq pending the issuance of a written decision by the hearings panel.

On September 23, 2026 the Company entered into a \$1.25 million SPA, which provides for the issuance of a reverse split adjusted amount of 223,214 common shares and a like amount of warrants convertible on a one for one basis into Company common stock. The warrants are immediately exercisable at a reverse split adjusted price of \$16.00 per share. The Company anticipates the full gross proceeds to be received by September 30, 2026. This transaction does not change the Company's status described in Note 2. Going Concern.

Subsidiaries of the Registrant

<u>Name of Subsidiary</u>	<u>Formation/Incorporation State</u>
BLI, LLC	Nevada
Glimpse Lenses, LLC	Nevada
Sector 5 Digital, LLC	Nevada
Brightline Interactive, Inc.	Nevada



To the Board of Directors and Shareholders of Brightline Interactive, Inc.

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-268027, 333-291727) and Form S-8 (No. 333-267642) of Brightline Interactive, Inc. of our report dated September 28, 2026 relating to the consolidated financial statements, which appears in this Form 10-K, and the retrospective adjustments to the 2025 consolidated financial statements described in Notes 4 and 5.

September 28, 2026
/s/ GreenGrowth CPAs
GreenGrowth CPAs

We served as the Company's auditor since 2026.

Los Angeles, California
PCAOB ID Number 6580

Your Vision Our Focus

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 No. 333-268027 and 333-291727, and Form S-8 No. 333-267642 of Brightline Interactive, Inc. (formerly, The Glimpse Group, Inc.) (the "Company") of our report dated September 29, 2025, except for the effect of the reverse stock split described in Notes 3 and 16, as to which the date is September 28, 2026, relating to the consolidated financial statements which appears in this Form 10-K for the year ended June 30, 2025. Our report includes an explanatory paragraph as to the Company's ability to continue as a going concern.

This consent relates to the Company's consolidated financial statements as of and for the year ended June 30, 2025, before the effects of the adjustments to retrospectively apply the discontinued operations described in Notes 4 and 5 of the Company's consolidated financial statements. Those adjustments were audited by GreenGrowth CPAs.

/s/ Turner, Stone & Company, L.L.P.

Turner, Stone & Company, L.L.P.
Dallas, Texas
September 28, 2026

Turner, Stone & Company, L.L.P.
Accountants and Consultants
12700 Park Central Drive, Suite 1400
Dallas, Texas 75251
Telephone: 972-239-1660/Facsimile: 972-239-1665
Toll Free: 877-853-4195
Web site: turnerstone.com



CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Tyler Gates, Chief Executive Officer of Brightline Interactive, Inc., certify that:

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

Date: September 28, 2026

/s/ Tyler Gates

Tyler Gates
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, William Keneally, Chief Financial Officer of Brightline Interactive, Inc., certify that:

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

Date: September 28, 2026

/s/ William Keneally
 William Keneally
 Chief Financial Officer
 (Principal Financial Officer)

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

In connection with the Annual Report of Brightline Interactive, Inc. ("Company") on Form 10-K for the fiscal year ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the knowledge of each of the undersigned:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 28, 2026

/s/ Tyler Gates

Tyler Gates
Chief Executive Officer
(Principal Executive Officer)

/s/ William Keneally

William Keneally
Chief Financial Officer
(Principal Financial Officer)

Stockholder and Corporate Information

Tyler Gates

Director since June 2026

President and Chief Executive Officer
Brightline Interactive, Inc.

William Keneally

Chief Financial Officer since June 2026

Chief Financial Officer
Brightline Interactive

Admiral Scott Swift, USN (Ret.)

Director since June 2026

Founder and President

The Swift Group LLC, a consulting firm that advises public- and private-sector clients on national security strategy and policy

Brian Archer

Director since June 2026

Chair of the Board of Trustees

St. Peter's Prep, an independent, preparatory, and all-male day school

Major General Pete Fesler, USA (Ret.)

Director since June 2026

Founder and President

Andesite Group, LLC, a consulting firm focused on providing strategic consulting services to government and industry clients

A copy of the Company's 2026 Annual Report on Form 10-K, including the financial statements and the financial statement schedules, as filed with the Securities and Exchange Commission will be provided without charge to any stockholder upon written request to our Chief Financial Officer at 21745 Red Rum Drive, Ashburn, VA 20147 or by calling (703) 594-7496.