

PREDICTIVE TECHNOLOGY GROUP, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 and 2016

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Predictive Technology Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Predictive Technology Group, Inc. (the "Company") as of June 30, 2017 and 2016, the related statements of operations, stockholders' equity (deficit), and cash flows for the years 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, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

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/ BF Borgers CPA PC

BF Borgers CPA PC

We have served as the Company's auditor since 2018.

Lakewood, CO

June 29, 2018

PREDICTIVE TECHNOLOGY GROUP, INC.

CONSOLIDATED BALANCE SHEETS

June 30, 2017 and 2016

	June 30	
Assets	2017	2016
Current assets		
Cash	\$ 968,202	\$ 4,508
Accounts receivable	26,763	72,000
Inventory	207,113	-
Other current assets	5,610	-
Total current assets	<u>1,207,688</u>	<u>76,508</u>
Fixed assets, net of depreciation	518,934	3,032
License agreements, net of amortization	2,223,135	494,028
Patents, net of amortization	8,414,577	9,175,892
Trade secrets, net of amortization	10,914,097	13,731,882
Notes receivable	3,186,121	-
Equity method investments	16,330,401	16,458,994
Other long-term assets	66,665	-
Total assets	<u>\$ 42,861,618</u>	<u>\$ 39,940,336</u>
Liabilities and stockholder's equity		
Current liabilities		
Accounts payable	\$ 825,383	\$ 100,086
Accrued liabilities	299,967	-
Total current liabilities	<u>1,125,350</u>	<u>100,086</u>
Commitments and contingencies (Note 13)	-	-
Stockholder's equity		
Common stock, par value \$0.001, 208,889,680, and 193,632,000 shares issued and outstanding at June 30, 2017, and 2016; 900,000,000 shares authorized	208,890	193,832
Additional paid-in capital	66,993,718	56,620,465
Common stock subscriptions receivable	(2,392,500)	(105,000)
Accumulated deficit	<u>(23,017,099)</u>	<u>(16,843,773)</u>
Total controlling interest	41,793,009	39,865,524
Non-controlling interest	<u>(56,741)</u>	<u>(25,274)</u>
Total stockholder's equity	41,736,268	39,840,250
Total liabilities and stockholder's equity	<u>\$ 42,861,618</u>	<u>\$ 39,940,336</u>

See accompanying notes to consolidated financial statements

PREDICTIVE TECHNOLOGY GROUP, INC.

CONSOLIDATED STATEMENT OF INCOME

Years Ended June 30, 2017 and 2016

	Years ended June 30	
	2017	2016
Revenue from operations (net)	\$ 2,585,362	\$ 75,270
Cost of goods sold	751,305	75,270
Gross profit from operations	<u>1,834,057</u>	<u>-</u>
Operating expenses		
Sales and marketing expense	1,897,543	6,794
General and administrative	946,754	1,387,456
Research and development	84,729	1,000
Amortization and depreciation expense	3,693,579	992,267
Total operating expense	<u>6,622,604</u>	<u>2,387,517</u>
Loss from operations	<u>(4,788,546)</u>	<u>(2,387,517)</u>
Other income (expense)		
Interest income	315,742	5
Equity method investment gain / (loss)	(128,594)	(61,156)
Impairment (expense)	<u>(1,603,394)</u>	<u>(14,180,455)</u>
Net income / (loss)	\$ (6,204,792)	\$ (16,629,122)
Net loss non-controlling interest	<u>(31,467)</u>	<u>(25,274)</u>
Net loss controlling interest	<u>\$ (6,173,325)</u>	<u>\$ (16,603,849)</u>
Loss per common share		
Basic and diluted	(0.031)	(0.102)
Average common shares (in thousands)		
Basic and diluted	201,938	163,562

See accompanying notes to consolidated financial statements

PREDICTIVE TECHNOLOGY GROUP, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

Years Ended June 30, 2017 and 2016

	Common Stock		Additional Paid-in Capital	Common Stock Subscriptions	Non- Controlling Interest	Accumulated Deficit	Total Stockholder's Equity
	Shares	Amount					
Balance June 30, 2015	171,511,758	\$ 171,512	\$ 662,093	\$ (359,405)	\$ -	\$ (239,924)	\$ 234,276
Common stock issued for cash	340,000	340	129,002	(105,000)	-	-	24,342
Common stock issued for equity method investment	12,280,242	12,280	30,688,325	-	-	-	30,700,605
Common stock issued for business combination	9,500,000	9,500	14,077,500	-	-	-	14,087,000
Common stock issued for services	200,000	200	479,800	-	-	-	480,000
Warrants and options issued for services	-	-	752,107	-	-	-	752,107
Warrants issued with stock issued for cash	-	-	81,638	-	-	-	81,638
Predictive Therapeutics units issued for Patents	-	-	9,750,000	-	-	-	9,750,000
Cash received from common stock subscriptions	-	-	-	359,405	-	-	359,405
Net income	-	-	-	-	(25,274)	(16,603,849)	(16,629,123)
Balance June 30, 2016	193,832,000	\$ 193,832	\$ 56,620,465	\$ (105,000)	\$ (25,274)	\$ (16,843,773)	\$ 39,840,250
Common stock issued for cash	8,766,920	8,767	2,334,317	(2,392,500)	-	-	(49,416)
Common stock issued for notes receivable	5,740,760	5,741	4,468,033	-	-	-	4,473,774
Common stock issued for services	300,000	300	149,700	-	-	-	150,000
Common stock issued for license agreement	250,000	250	299,750	-	-	-	300,000
Warrants and options issued for services	-	-	1,071,924	-	-	-	1,071,924
Warrants issued with stock issued for cash	-	-	2,049,529	-	-	-	2,049,529
Cash received from common stock subscriptions	-	-	-	105,000	-	-	105,000
Net income	-	-	-	-	(31,467)	(6,173,326)	(6,204,793)
Balance June 30, 2017	208,889,680	\$ 208,890	\$ 66,993,718	\$ (2,392,500)	\$ (56,741)	\$ (23,017,099)	\$ 41,736,268

See accompanying notes to consolidated financial statements

PREDICTIVE TECHNOLOGY GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Years Ended June 30, 2017 and 2016

	Years ended June 30	
	2017	2016
Cash flows from operating activities		
Net earnings (loss)	\$ (6,204,792)	\$ (16,629,122)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,693,579	992,267
Options and warrants exchanged for services	1,221,924	1,232,107
Loss on impairment	1,603,394	14,180,455
Change in equity method investment	128,594	61,156
Changes in operating assets and liabilities:		
Accounts receivable	45,237	(72,000)
Inventory	(207,113)	-
Prepaid expenses	(5,610)	-
Other assets	(382,409)	-
Accounts payable	725,297	93,786
Accrued liabilities	299,967	-
Net cash provided (used) by operating activities	<u>918,068</u>	<u>(141,354)</u>
Cash flows from investing activities		
Purchases of property and equipment	(520,474)	(4,675)
Capitalization of license agreement costs	(1,535,632)	(295,000)
Capitalization of patent application costs	(3,382)	(25,478)
Net cash provided (used) by investing activities	<u>(2,059,488)</u>	<u>(325,153)</u>
Cash flows from financing activities		
Common stock and warrants issued for cash	2,105,114	466,235
Net cash provided (used) by financing activities	<u>2,105,114</u>	<u>466,235</u>
Net increase (decrease) in cash	963,694	(272)
Cash at beginning of period	<u>\$ 4,508</u>	<u>\$ 4,780</u>
Cash at end of period	<u>\$ 968,202</u>	<u>\$ 4,508</u>
Non-cash financing and investing activities:		
Common stock issued for intangible assets	-	23,837,000
Common stock issued for equity method investments	-	30,700,605
Common stock issued for license agreement	300,000	-
Common stock issued for notes receivable	4,473,774	-

See accompanying notes to consolidated financial statements

PREDICTIVE TECHNOLOGY GROUP, INC.

Notes to consolidated financial statements

NOTE 1 BUSINESS DESCRIPTION AND SIGNIFICANT ACCOUNTING POLICIES

BUSINESS DESCRIPTION:

Predictive Technology Group, Inc. together with its subsidiaries (collectively, "PTG" or the "Company") develops and commercializes discoveries and technologies involved in novel molecular diagnostic and pharmaceutical therapeutic/Human Cells, Tissues and Human Cellular and Tissue-Based Products ("HCT/Ps"). The Company uses this information as the cornerstone in the development of new diagnostics that assess a person's risk of disease and pharmaceutical therapeutics and HCT/Ps designed to effectively prevent and treat the disease. The Company's corporate headquarters are located in Salt Lake City, Utah.

SEGMENT INFORMATION:

In accordance with ASC 280-10-50, Segment Reporting, operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions regarding resource allocation and assessing performance. The Company operates in two reportable segments: HCT/Ps and diagnostics and therapeutics. Predictive Biotech's HCT/Ps are processed in our FDA registered lab. Our minimally manipulated tissue products are prepared utilizing proprietary extraction methods that reduce the loss of important scaffolding, growth factor and general cytokines and are intended for homologous use. Predictive Technology's diagnostics and therapeutics uses data analytics for disease identification and subsequent therapeutic intervention through unique novel gene-based diagnostics, biotechnology treatments and companion therapeutics.

	Years ended June 30	
	2017	2016
Segment revenues		
HCT/Ps	\$ 2,585,362	\$ 75,270
Diagnostics and therapeutics	-	-
Total consolidated revenues	\$ 2,585,362	\$ 75,270
Segment operating income (loss)		
HCT/Ps	\$ (3,220,476)	\$ (363,288)
Diagnostics and therapeutics	(1,568,072)	(2,024,229)
Total consolidated operating income (loss)	\$ (4,788,548)	\$ (2,387,517)
Reconciliation of segment operating income		
to income before income taxes		
Segment operating income	\$ (4,788,548)	\$ (2,387,517)
Equity method gain/(loss)	(128,594)	(61,156)
Impairment charges	(1,603,394)	(14,180,455)
Interest income / (expense)	315,744	5
Segment income before income taxes	\$ (6,204,792)	\$ (16,629,123)

PREDICTIVE TECHNOLOGY GROUP, INC.

	Years ended June 30	
	2017	2016
Capital assets, net		
HCT/Ps	\$ 73,143	\$ -
Diagnostics and therapeutics	445,791	3,032
Total capital assets, net	\$ 518,934	\$ 3,032
Depreciation expense		
HCT/Ps	\$ 2,895	\$ -
Diagnostics and therapeutics	1,677	794
Total depreciation expense	\$ 4,572	\$ 794
Intangible and equity method investment assets, net		
HCT/Ps	\$ 10,914,097	\$ 13,731,882
Diagnostics and therapeutics	26,968,113	26,128,914
Total intangible and equity method investment assets, net	\$ 37,882,210	\$ 39,860,796
Amortization expense		
HCT/Ps	\$ 2,817,786	\$ 355,118
Diagnostics and therapeutics	871,221	636,355
Total amortization expense	\$ 3,689,007	\$ 991,473
Warrants and options expense (non-cash)		
HCT/Ps	\$ 1,116,586	\$ -
Diagnostics and therapeutics	105,338	1,232,107
Total warrants and options expense (non-cash)	\$ 1,221,924	\$ 1,232,107

BASIS OF PRESENTATION:

This summary of significant accounting policies of the Company is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity.

Fiscal Year

This report includes financial statements as of and for the years ending June 30, 2017, and 2016.

Consolidation

These consolidated financial statements include the financial statements of Predictive Technology Group, Inc. and its wholly owned subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation.

Cash Equivalents

The Company considers all highly-liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. The Company places its temporary cash investments with high-quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limits.

PREDICTIVE TECHNOLOGY GROUP, INC.

Going Concern

These financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Predictive Biotech, Inc. (“Predictive Biotech”), a subsidiary of PTG, began operations during the fiscal year ended June 30, 2017. Since inception of operations, revenues have exceeded cash expenses and such excess contributes to the overall operations of PTG.

In addition, PTG has raised sufficient capital through stock subscriptions to fund its obligations under its licenses and other agreements for the development of molecular diagnostics products under license in Predictive Therapeutics, LLC (“Predictive Therapeutics”), a subsidiary of PTG. It is anticipated that the initial sale of such products will take place in the second half of calendar year 2018.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount. At the present time most sales are through credit cards, however from time to time, credit is granted to customers on a short-term basis without requiring collateral, and as such, these accounts receivable, do not bear interest, although a finance charge may be applied to such receivables that are past due. The Company has in place credit policies and procedures and approval process for sales returns and credit memos.

Inventories

Inventories consist primarily of HCT/Ps produced by Predictive Biotech. We value inventory at the lower of cost or net realizable value. We determine the cost of inventory using the standard-cost method, which approximates actual cost based on a first-in, first-out method. All other costs, including administrative costs are expensed as incurred.

We analyze our inventory levels annually and write down inventory that has a cost basis in excess of its expected net realizable value, or that is considered in excess of normal operating levels, as determined by management. The related costs are recognized as cost of goods sold in the Consolidated Statements of Operations.

Stock Subscriptions Receivable

Stock subscriptions are recorded as contra-equity on the day the subscription agreement is signed and accepted by the Company. All stock subscribed as of the date of these financial statements has been collected. The stock is not issued until subscriptions are collected.

Prepaid Expenses

Amounts paid in advance for expenses are accounted for as prepaid expenses and classified as current assets if such amounts are to be recognized as expense with the current period.

Property, Plant and Equipment

Lab equipment, furniture and computer equipment are stated at cost less accumulated depreciation. Depreciation and amortization are computed using the straight-line method based on the lesser of estimated useful lives of the related assets or lease terms. Lab equipment items have depreciable lives of five years, furniture items have depreciable lives of 5 to 7 years, and computer equipment items have depreciable lives of 3 years. Repairs and maintenance costs are charged to expense as incurred.

PREDICTIVE TECHNOLOGY GROUP, INC.

Intangible Assets and Other Long-Lived Assets

Intangible and other long-lived assets are comprised of acquired patents, licenses, trade secrets and other intellectual property. Acquired intangible assets are recorded at fair value and amortized over the shorter of the contractual life or the estimated useful life.

Impairment of Long-Lived Assets

Long-lived assets, such as property, equipment, and definite-lived intangibles subject to depreciation and amortization, as well as acquisition costs of subsidiaries, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to estimated future undiscounted net cash flows of the related asset or group of assets over their remaining lives.

Revenue Recognition

We sell our products through a direct sales force in the U.S. Revenues from these customers are recognized when all the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable and (iv) the ability to collect is reasonably assured. These criteria are generally satisfied at the time of shipment when risk of loss and title passes to the customer. We reserve for sales returns, including returns related to defective products, as a reduction in net sales, based on our historical experience. These reserves are recorded as a reduction in net sales and are not considered material to our consolidated statements of income for the years ended June 30, 2017, and 2016.

Shipping and Handling

We bill our customers for shipping and handling charges, which are included in net sales for the applicable period, and the corresponding shipping and handling expense is reported in cost of sales.

Research and Product Development Costs

The Company expenses research and product development costs as incurred.

Product Liability and Warranty Costs

The Company maintains product liability insurance and has not experienced any related claims from its products offerings. The Company also offers a warranty to customers providing that its products will be delivered free of any materials defects. There have been no material costs incurred since inception based on estimated return rates. The Company reviews the adequacy of its recorded accrual on a quarterly basis.

Income Taxes

Deferred tax assets and liabilities are recorded to reflect the future tax consequences attributable to the effects of differences between the carrying amounts of existing assets and liabilities for financial reporting and for income tax purposes. Deferred taxes are calculated by applying enacted statutory tax rates and tax laws to future years in which temporary differences are expected to reverse. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that the rate change is enacted.

PREDICTIVE TECHNOLOGY GROUP, INC.

Measurement of Fair Value

The fair value of a financial instrument is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined in the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Key estimates in the accompanying consolidated financial statements include, among others, revenue recognition, allowances for doubtful accounts and product returns, provisions for obsolete inventory, valuation of long-lived assets, and deferred income tax asset valuation allowances. Actual results could differ materially from these estimates.

Recently Issued Financial Accounting Standards

In March 2016, the FASB issued ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-009"), which requires companies to record excess tax benefits and deficiencies in income rather than the current requirement to record them through equity. ASU 2016-09 also allows companies the option to recognize forfeitures of share-based awards when they occur rather than the current requirement to make an estimate upon the grant of the awards. ASU 2016-09 will be effective for us beginning on July 1, 2017. Early adoption of ASU 2016-09 will be permitted in any interim or annual period, with any adjustments reflected as of the beginning of the fiscal year of adoption. We do not anticipate that the adoption of ASU 2016-09 will have a material impact.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which modified lease accounting for both lessees and lessors to increase transparency and comparability by recognizing lease assets and lease liabilities by lessees for those leases classified as operating leases under previous accounting standards and disclosing key information about leasing arrangements. ASU 2016-02 will be effective for the Company beginning July 1, 2019 and early adoption is permitted. We are currently evaluating the timing of its adoption and the impact of adopting the new lease standard on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which provides guidance to entities to assist with evaluating when a set of transferred assets and activities is a business and provides a screen to determine when a set is not a business. Under the new guidance, when substantially all of the fair value of gross assets acquired (or disposed of) is concentrated in a single identifiable asset, or group of similar assets, the assets acquired would not represent a business. Also, to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to produce

PREDICTIVE TECHNOLOGY GROUP, INC.

outputs. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, and should be applied on a prospective basis to any transactions occurring within the period of adoption. Early adoption is permitted for interim or annual periods in which the financial statements have not been issued. We do not presently anticipate that the adoption of ASU 2017-01 will have a material impact on our consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 will be effective for us beginning on July 1, 2018. We are currently evaluating the impact of adopting ASU 2016-16 on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 will be effective for us beginning on July 1, 2018 with early adoption permitted. We do not presently anticipate that the adoption of ASU 2016-15 will have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends the guidance regarding the classification and measurement of financial instruments. Changes to the current guidance primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. In addition, ASU 2016-01 clarifies guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. ASU 2016-01 will be effective for us beginning on July 1, 2018. Early adoption is not permitted except for the provision to record fair value changes for financial liabilities under the fair value option resulting from instrument-specific credit risk in other comprehensive income. Upon adoption of ASU 2016-01, an entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet at the beginning of the first reporting period in which the guidance is effective. We do not presently anticipate that the adoption of ASU 2016-01 will have a material impact on our financial statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, which will require all deferred tax assets and deferred tax liabilities to be presented as noncurrent within a classified balance sheet. ASU 2015-17 will be effective for us as of July 1, 2017. ASU 2015-17 may be applied either prospectively to all deferred tax assets and liabilities or retrospectively to all periods presented. We have elected not to early adopt ASU 2015-17. We do not anticipate that the adoption of ASU 2015-17 will have a material impact on our financial statements.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*. ASU 2015-11 requires that inventory be measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Inventory measured using last-in, first-out or the retail inventory method are excluded from the scope of ASU 2015-11 which is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. We do not anticipate that the implementation of ASU 2015-11 will have a material impact on our consolidated financial statements.

PREDICTIVE TECHNOLOGY GROUP, INC.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update the financial reporting requirements for revenue recognition. Topic 606, outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. This guidance is effective for us beginning on July 1, 2018, and entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. We have not yet reached a final conclusion on whether we will adopt this new standard on a prospective or retrospective basis.

We have evaluated each of the five steps in Topic 606, which are as follows: 1) Identify the contract with the customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations; and 5) Recognize revenue when (or as) performance obligations are satisfied. Our preliminary conclusion is that we expect to identify similar performance obligations under ASC Topic 606 as compared with deliverables and separate units of account previously identified. As a result, we expect the timing of our revenue to remain the same in comparison to the current revenue recognition guidance. There are also certain considerations related to internal control over financial reporting that are associated with implementing Topic 606. We are currently evaluating our control framework for revenue recognition and identifying any changes that may need to be made in response to the new guidance. Disclosure requirements under the new guidance in Topic 606 have been significantly expanded in comparison to the disclosure requirements under the current guidance. Designing and implementing the appropriate controls over gathering and reporting the information required under Topic 606 is currently in process.

NOTE 2 BUSINESS COMBINATIONS AND EQUITY METHOD INVESTMENTS

Predictive Therapeutics, LLC

On April 15, 2015, Global Enterprises Group, Inc. (“GLHO”) acquired 100% of Predictive Therapeutics, LLC. After the acquisition, GLHO changed its name to Predictive Technology Group, Inc. On October 31, 2015, the initial agreement was modified to make certain technical corrections and adjustments for contingencies which were not met at that date. The Company issued a total of 131,058,458 shares of common stock in this transaction. Under this merger agreement, there was a change in control which has been treated for accounting purposes as a reverse recapitalization.

LifeCode Genetics, Inc.,

On November 6, 2015, the Company announced the acquisition of LifeCode Genetics, Inc. (“LifeCode”) as its wholly owned subsidiary. LifeCode holds a strategic equity investment of 10.169% in Juneau Biosciences, LLC (“Juneau”). In addition to the development of an assay and related services for the prognosis and monitoring of endometriosis in the infertility market which the Company has licensed, Juneau is developing technologies for the diagnosis of other women’s health issues.

The Company issued 6,561,870 common shares to acquire LifeCode and has recorded the acquisition as a Portfolio Investment with a valuation set at \$16,404,675.

PREDICTIVE TECHNOLOGY GROUP, INC.

A share exchange agreement was entered into on September 22, 2015 that required the Company to issue to LifeCode former shareholders to meet the terms of the exchange agreement an additional 5,718,372 shares. Using the OTC value (defined as the share price listed on the date of the transaction in the over-the-counter dealer markets and networks) for the additional shares issued results in an increase of value to \$30,700,605, an increase of \$14,295,930. A valuation performed by an external outside valuation expert supports a September 22, 2015 value of \$16,520,150 resulting in a day one impairment of \$14,180,455.

The fair value of the purchase consideration issued to the sellers of LifeCode was allocated to the units of equity acquired.

Juneau reports to its members on a calendar year basis and LifeCode records its distributable share of such reported income using the equity method.

SEC Rule 4-08(g) of Regulation S-X requires a registrant to disclose, in the notes to its financial statements, summarized balance sheet and income statement information of all investees on an aggregate basis, if deemed significant. See such summaries below. The numbers presented in the schedules below related to Juneau are unaudited.

Juneau Bioscience, LLC Consolidated Balance Sheets (unaudited)

	December 31	
	2017	2016
Assets		
Current assets		
Cash	\$ 40,077	\$ 69,739
Total current assets	40,077	69,739
Other long-term assets	152,824	143,674
Total assets	\$ 192,901	\$ 213,413
Liabilities and member's equity		
Current liabilities		
Accounts payable	\$ 23,786	\$ 1,302,237
Accrued liabilities	5,744,449	5,595,609
Total current liabilities	5,768,235	6,897,846
Long-term Liabilities	1,303,074	1,307,927
Member's equity		
Additional paid-in capital	22,196,288	21,036,988
Accumulated deficit	(29,074,696)	(29,029,348)
Total member's equity	(6,878,408)	(7,992,360)
Total liabilities and member's equity	\$ 192,901	\$ 213,413

PREDICTIVE TECHNOLOGY GROUP, INC.

Juneau Bioscience, LLC
 Consolidated Statements of Operations
 (unaudited)

	Years ended December 31,	
	2017	2016
Revenue from operations (net)	\$ 2,443,677	\$ 877,560
Gross profit from operations	2,443,677	877,560
Operating expenses		
General and administrative	2,489,421	2,139,127
Total operating expense	2,489,421	2,139,127
Loss from operations	(45,744)	(1,261,567)
Other income (expense)		
Other income (expense)	396	-
Net income / (loss)	\$ (45,348)	\$ (1,261,567)

ReNovo Biotech, Inc.

On March 28, 2016, the Company announced the acquisition of ReNovo Biotech, Inc. as its wholly owned subsidiary. The acquisition provides the Company access to ReNovo Biotech’s cellular, tissue, biomaterial and regenerative medicine products and product candidates. This subsidiary is operated under the name Predictive Biotech, Inc. The Company issued 9,500,000 common shares to effect the acquisition which is recorded at a cost of \$14,087,000.

The purchase price was allocated to “trade secrets” including protocols to develop an amniotic allografts and umbilical cord allograft line of products in accordance with the provisions of ASC 805, *Business Combinations*. Such trade secrets were determined to be recognizable apart from any form of goodwill and are “technology-based”.

Aggregate amortization expense for the years ended June 30, 2017, and 2016 was approximately \$2,817,786, and \$355,118, respectively.

Estimated amortization expense for the developed technology consists of the following as of June 30, 2017:

Year Ending June 30	
2018	\$ 2,817,786
2019	2,817,786
2020	2,817,786
2021	2,460,739

PREDICTIVE TECHNOLOGY GROUP, INC.

NOTE 3 INVENTORIES

	Years Ended June 30,		
	2017	2016	2015
Finished goods	\$ 130,851	\$ -	\$ -
Work-in-process	70,458	\$ -	\$ -
Shipping supplies	5,804	-	-
Total inventory on hand	\$ 207,113	\$ -	\$ -

NOTE 4 NOTES RECEIVABLE

On August 1, 2016, the Company entered into agreements to acquire convertible, unsecured notes receivable from Juneau from existing noteholders in exchange for stock of the Company. The collection of amounts owed on said notes receivable is subject to a subordination agreement with a third-party creditor of Juneau that is owed the principal amount of \$700,000 plus accrued interest on an obligation that comes due July 31, 2018. In anticipation of this event, on June 15, 2017, an amendment was also made to the restated agreement to subordinate the debt Juneau owes to PTG. The face amount of the notes acquired was \$2,870,380 and 5,740,760 shares of common stock were issued. The notes bear interest payable in Juneau units at 12% and are convertible into Class A Units of Juneau at the rate of \$1.00 per unit. Principal and accrued interest are due in a single installment on August 1, 2018. Upon further review using the OTC value at the date of closure, it was determined that a price per share of .78 cents was approximate market value. Therefore, the value of the shares given should be \$4,473,774, an increase of \$1,603,394. This discount at the date of the share transfers is then considered an impairment loss on the date of the acquisition of the notes. (See subsequent events Note 15 regarding conversion of the notes to equity).

NOTE 5 PROPERTY, PLANT AND EQUIPMENT, NET

	Years Ended June 30,		
	2017	2016	2015
Computer equipment	\$ 22,871	\$ 4,675	\$ -
Furniture	19,043	-	-
Lab equipment	44,857	-	-
Other fixed assets in progress	438,378	-	-
Total	\$ 525,149	\$ 4,675	\$ -
Less accumulated depreciation	(6,214)	(1,643)	\$ -
Property, plant and equipment, net	\$ 518,934	\$ 3,032	\$ -

PREDICTIVE TECHNOLOGY GROUP, INC.

NOTE 6 INTANGIBLE ASSETS

Predictive Technology Group, Inc. through its subsidiary Predictive Therapeutics, LLC has a number of patents and license agreements categorized under “Intellectual Property” and “Licenses Agreements.”

License Agreements with Juneau

On July 9, 2015, Predictive Therapeutics, LLC signed a license agreement for the commercialization of assays and related services for the prognosis and monitoring of endometriosis, and other health concerns, in the infertility market. An assay is in the late stage of development.

Subsequently, on December 28, 2016, Predictive Therapeutics and Juneau amended and restated the license agreement dated July 9, 2015. The amended license fees associated with this agreement required minimum monthly payments of \$100,000 through April 2017. Beginning in May 2017, minimum monthly payments of \$120,000 were required through August 2017, and subsequent payments of \$500,000 for the next four consecutive months. The term of the license is for a term ending at the last expired claim of the licensed patents. In the event of a default, either party may terminate the agreement (i) thirty days after the party who is in material breach receives notice of the breach from the non-breaching party where (ii) the breaching party fails to cure the breach during said thirty-day period.

An additional license fee of \$2,000,000 is due and payable once the Company has received profits of \$25,000,000 under the agreement.

Upon first commercial sale of the licensed assay, the Company will issue Juneau common shares with a market value of \$2,500,000. Net sales, once commercially available, are split evenly by the Company and Juneau after deducting the cost of the lab test fees, subject to certain minimums.

In addition to the license for the commercialization of assays and related services for the prognosis and monitoring of endometriosis in the infertility market, the Company has entered into a license agreement with Juneau to use the assay as a companion diagnostic test as the rationale for on-label endometriosis therapeutic patents. This license agreement was amended and restated on December 28, 2016.

The agreement initially required a \$250,000 license fee which was paid during 2013 and 2014. A subsequent milestone payment of 250,000 shares of Company stock was due to Juneau on October 19, 2016 and was previously issued. Once FDA approval is granted on any companion diagnostic test, a final milestone payment of \$250,000 is due.

The agreement requires a 2% royalty for the sale of patented therapeutic products specifically covered by the agreement.

The Company has elected to capitalize the periodic payments when paid, through the development stage, and amortizes the licenses using the expected life of the underlying patents.

Amortization expense for the years ended June 30, 2017, and 2016 was approximately \$106,525, and \$30,884, respectively. We did not record any impairment charges during the years ended June 30, 2017, and 2016.

PREDICTIVE TECHNOLOGY GROUP, INC.

Estimated amortization expense for the developed technology consists of the following as of June 30, 2017:

<u>Year Ending June 30</u>	
2018	\$ 187,588
2019	187,588
2020	187,588
2021	187,588
2022	187,588
Thereafter	\$1,285,197

Other Patents and Technologies

Patents were acquired by Predictive Therapeutics, LLC on September 22, 2015 by issuing 541,325 Class A Units of Predictive Therapeutics and have no contingencies or royalty obligations. These patents were recorded on Predictive Therapeutics, LLC's books at a purchase price of \$9,750,000.

Aggregate amortization expense for the years ended June 30, 2017, and 2016 was approximately \$764,696, and \$605,741, respectively. We did not record any impairment charges during the years ended June 30, 2017, and 2016.

Estimated amortization expense for the developed technology consists of the following as of June 30, 2017:

<u>Year Ending June 30</u>	
2018	\$ 764,696
2019	764,696
2020	764,696
2021	794,696
2022	794,696
Thereafter	\$4,556,355

NOTE 7 VARIABLE INTEREST ENTITIES

ASC Topic 810 requires the primary beneficiary of a Variable Interest Entity ("VIE") to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A VIE is an entity in which the equity investors do not have a controlling interest or in which the equity investment at risk is insufficient to finance the entity's activities without receiving financial support from the other parties.

In evaluating whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

PREDICTIVE TECHNOLOGY GROUP, INC.

In determining whether the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of our interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

Juneau Biosciences, LLC

The Company has license agreements with Juneau as described in note 3 and has convertible notes receivable in the amount of \$2,870,380 plus accrued interest as described in note 2. If converted, the Company would gain approximately 10% ownership of Juneau. Additionally, the Company owns an interest of 10.169% in Juneau through its wholly owned subsidiary, LifeCode.

The license agreements with Juneau are limited to specific markets which management estimates to be 25% or less of the total market Juneau intends to seek. Subsequent to June 30, 2018 the licenses agreements were amended to increase the scope of the licensed rights. Juneau regularly seeks, and has received, investments from private investors and holds debt from other creditors. Juneau's management and board of managers are independent of the Company.

Accordingly, Management has concluded that the Company is not the primary beneficiary of Juneau and accordingly, does not hold a significant variable interest in Juneau sufficient to require consolidation.

When changes occur to the business relationship of an entity, the Company will reconsider whether it is subject to the VIE model.

NOTE 8 ACCRUED LIABILITIES

	Years Ended June 30,		
	2017	2016	2015
Employee compensation and benefits	\$ 261,728	\$ -	\$ -
Other	38,239	-	-
Total accrued liabilities	\$ 299,967	\$ -	\$ -

NOTE 9 INCOME TAXES

The components of the provision for income taxes for the years ended June 30, 2017 and 2016, consisted of the following:

PREDICTIVE TECHNOLOGY GROUP, INC.

	For the year ending June 30	
	2017	2016
Deferred tax assets:		
Net operating loss carry-forwards	\$ 201,915	\$ 176,093
Depreciation and Amortization	(22,529)	(3,439)
Other	675	435
Valuation Allowance	(180,061)	(173,089)
Net Deferred Taxes	<u>\$ -</u>	<u>\$ -</u>

At June 30, 2017 and 2016, the Company has net operating losses carry-forwards of approximately \$718,557 and \$626,665 which will expire in the years 2035-2037.

We are subject to income taxes in the United States. Significant judgment is required in determining our provision for income taxes and recording the related assets and liabilities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. In our opinion, we have made adequate provisions for income taxes for all years subject to audit.

Although we believe our estimates are reasonable, the final outcomes of these matters may be different from those which we have reflected in our historical income tax provisions and accruals. Such differences could have a material effect on our income tax provision and operating results in the period in which we make such determination.

NOTE 10 SHAREHOLDER'S EQUITY

On April 15, 2015, Global Holdings, Inc. issued 131,058,458 shares of common stock in exchange for the issued and outstanding units of Predictive Therapeutics, LLC. Predictive Therapeutics, LLC became a wholly owned subsidiary of the Company. After the acquisition, GLHO changed its name to Predictive Technology Group, Inc. Under this merger agreement, there was a change in control which has been treated for accounting purposes as a reverse recapitalization.

As of June 30, 2017, and 2016, the Company had 208,689,680 and 193,632,000 shares issued and outstanding or pending issuance under contractual obligation.

Subscriptions for 8,766,920 and 340,000 shares of common stock were received and accepted as of June 30, 2017 and 2016. Each subscribed share has a corresponding warrant exercisable at \$0.50 through August 1, 2021.

On December 19, 2016 the Company issued 300,000 shares in exchange for standard operating procedures consulting and recorded a charge to non-cash compensation in the amount of \$150,000.

On December 19, 2016 the Company issued 250,000 as required under the companion diagnostic license described in Note 3.

As described in Note 5, on November 6, 2015, the Company issued 12,280,242 shares for the acquisition of Lifecode Genetics, Inc.

PREDICTIVE TECHNOLOGY GROUP, INC.

As described in Note 5, on May 5, 2016, the Company issued 9,500,000 shares for the acquisition of Predictive Biotech, Inc.

The Company has issued 5,120,000 warrants in exchange for consulting and marketing services during the period. A charge has been made to expense for the value of the services received determined using Black Scholes modeling.

The following is a summary of warrant activity in 2017 and 2016:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Life</u>
Warrants:			
Granted	620,000	\$0.50	4.85
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Outstanding June 30, 2016	620,000		
Granted	13,266,920	\$0.50	4.5
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Outstanding June 30, 2017	13,886,920	\$0.50	4.5

NOTE 11 EARNINGS PER COMMON SHARE (EPS)

The computation of weighted average shares outstanding and the basic and diluted earnings per common share for the following periods consisted of the following:

	<u>Net Loss</u>	<u>Weighted Average Shares Outstanding</u>	<u>Per Share Amount</u>
Year ended June 30, 2016			
Basic EPS and diluted	(16,629,122)	163,562,337	(0.102)
Year ended June 30, 2017			
Basic EPS and diluted	(6,204,792)	201,937,632	(0.031)

As the Company is in a loss position, any calculation with dilutive effects would reduce the loss per share amount, and, as such, the Company will not perform the calculation. The weighted average shares excluded from the calculation for dilutive purposes as of June 30, 2017 and 2016 were 2,957,018 and 572,500, respectively.

NOTE 12 STOCK OPTION PLAN

In 2015 a Stock Option Plan was adopted to advance the interests of the Company and its shareholders by helping the Company obtain and retain the services of employees, officers, consultants, independent contractors and directors, upon whose judgment, initiative and efforts the Company is substantially dependent, and to provide those persons with further incentives to advance the interests of the Company.

Eligible participants include employees, officers, certain consultants, or directors of the Company or its

PREDICTIVE TECHNOLOGY GROUP, INC.

subsidiaries. The Board may designate any Option granted hereunder either as an Incentive Stock Option (ISO) or as a Non-statutory Stock Option (NSO). The Board may grant ISOs only to persons who are employees of the Company and/or its subsidiaries.

The aggregate number of shares of Option Stock that may be issued pursuant to the exercise of Options granted under this Plan will not exceed fifteen percent (15%) of the total outstanding shares of the Company's common stock, par value \$.001 per share. The following is a summary of option activity in 2017 and 2016:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Options:			
Granted	300,000	\$ 1.00	5.00
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Outstanding June 30, 2016	300,000	\$ 1.00	4.39
Granted	-	\$ -	-
Exercised	-	-	-
Forfeited/Cancelled	-	-	-
Outstanding June 30, 2017	300,000	\$ 1.00	3.40
Exercisable June 30 , 2016	134,000		
Exercisable June 30, 2017	260,000		
Thereafter	40,000		

NOTE 13 COMMITMENTS AND CONTINGENCIES

The Company has commitments under license agreements which are described in note 4.

We lease office and research space under month-to-month leasing arrangements. Therefore, we do not believe we have any material leasing commitments.

Rent expense under operating leases was \$65,408 and \$0 for the years ended June 30, 2017 and 2016, respectively.

NOTE 14 RELIANCE ON THIRD PARTY VALUATIONS

The Company has relied on third party valuations to determine if an impairment should be recorded and other purposes including the following.

Equity Method Investments – Lifecode Genetics, Inc.

The third-party valuator, using cash flow projections under various assumptions and after considering discounts for marketability, concluded the fair market value of Juneau Biosciences, LLC to be \$387,000,000.

At June 30, 2017 the company owned 10.169% of Juneau. (See note 7). On December 31, 2017, the

PREDICTIVE TECHNOLOGY GROUP, INC.

Company exercised its right to convert the amounts owed on the notes receivable from Juneau into Class A Units and Juneau issued 3,685,308 Class A Units to the Company upon conversion of all amounts owed on said notes.

In December 2017, the Company entered into a subscription agreement with Juneau, subject to the terms described in Note 15, in the total amount of 15,681,818 Class A Units at a price of \$1.10 per unit, for a total cost of \$17,500,000.

Trade Secrets – Predictive Biotech, Inc.

The third-party valuator, using cash flow projections under various assumptions and after considering discounts for venture capital, concluded the fair market value of trade secrets acquired with Renovo to be \$179,400,000.

Other Patents and Technologies – Patents regarding Degenerative Disc Disease

Patents were acquired by the issuance of Predictive Therapeutics Class A units as described in note 6. The third-party valuator, using cash flow projections under various assumptions and after considering discounts for venture capital, concluded the fair market value of such patents acquired to be \$129,000,000.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 29, 2018, the date on which the financial statements were available to be issued.

Between July 1, 2017 and June 15, 2018, the Company granted options exercisable for 4,350,000 shares of common stock at exercise prices of between \$.50 and \$1.00 per share. The options were granted to employees and consultants for compensatory purposes.

Between July 1, 2017 and June 15, 2018, the Company received and accepted subscriptions 7,013,934 shares of common stock at \$.50 per share. The shares were subscribed by investors for investment purposes.

Between July 1, 2017 and June 15, 2018, the Company issued warrants exercisable for 7,013,934 shares of common stock at \$.50 per share. The warrants were issued with the share subscriptions referenced in the prior paragraph. The warrants were subscribed by investors for investment purposes.

Juneau Biosciences, LLC

On August 3, 2017, the Company entered into an unsecured loan agreement where it lent Juneau the principal amount of \$300,000. The loan is convertible into Class A Units of Juneau at the rate of \$1.00 per unit. On August 8, 2017, an additional loan was made to Juneau to renegotiate a debt Juneau owed to a third party. On December 31, 2017, principal and accrued interest in the aggregate amount of \$3,685,308 was owed on the notes referenced above. Effective December 31, 2017, the Company exercised its right to convert the amounts owed on the notes into Class A Units and Juneau issued 3,685,308 Class A Units to the Company upon conversion of all amounts owed on said notes.

In December 2017, the Company and Juneau reached verbal agreement on many of the terms described below. In early 2018, the terms were finalized and memorialized in a subscription agreement executed by the Company and Juneau. The subscription agreement provides:

PREDICTIVE TECHNOLOGY GROUP, INC.

- For a subscription in the total amount of 15,681,818 Class A Units at a price of \$1.10 per unit.
- The investment to be made in tranches
 - The first tranche is \$250,000 per month for three months beginning January 2018
 - The second tranche is \$500,000 per month for three months beginning March 2018
 - The third tranche is \$600,000 per month for twenty-five months beginning August 1, 2018
- The Company has the right to stop funding at any time
- If the Company stops funding the investment, any securities that are not paid for will be returned to Juneau for cancellation
- There is a use of proceeds associated with the funding as well as oversight of operating budgets and expenditures
- The Juneau board was expanded by three members and the vacancies were filled by nominees of the Company
- The Company's licenses with Juneau were amended to reduce the royalty rate and expand the scope of the licenses to include the entire field of endometriosis and pelvic pain in consideration for the future issuance of 1,000,000 shares of the Company's common stock and warrants exercisable for 14 million shares of common stock at \$.80 per share.
- The Company granted Juneau piggy-back registration rights with respect to the common stock issued to Juneau and issuable to Juneau upon exercise of the warrant.
- The shares issued or issuable to Juneau are subject to a one-year lock-up.
- The subscription contemplates the possible acquisition of Juneau by the Company on terms to be subsequently agreed.
- If Predictive does not fund the entire subscription, then the ongoing obligations of Juneau that do not relate to the license agreements will terminate.

Juneau regularly seeks, and has received, investments from private investors and holds debt from other creditors. As of March 31, 2018, the majority of Juneau's management and board of managers are independent of the Company.

Accordingly, at March 31, 2018 management has concluded that the Company is not the primary beneficiary of Juneau and accordingly, does not hold a significant variable interest in Juneau sufficient to require consolidation.

Post March 31, 2018, the Company continues to reevaluate this business relationship to determine whether it may be subject to the VIE model.

On or about May 22, 2018, Alpha Modus Corp. filed a lawsuit against Predictive Technology Group, Inc. and Bradley C. Robinson, its CEO. The parties had contracted for Alpha Modus Corp. to perform certain PR related work for Predictive Technology Group, Inc. A disagreement arose between the parties and Predictive Technology Group, Inc. believes that contract was terminated. The complaint alleges breach of contract, quantum meruit, violation of N.C. Gen. Stat. Section 78A-56 and 78A-8(3), and unfair and deceptive trade practices. Litigation is subject to many uncertainties and outcomes that are not predictable. However, based on the information available to us, we do not believe any of the Alpha Modus Corp. proceedings will have a material adverse effect on our business, results of operations, financial position or liquidity. Further, the Company denies the allegations in the complaint, has not discovered any evidence of wrongdoing with respect to the allegations and will vigorously defend the claims. As this claim is neither probable nor estimable, the Company expects no financial impact.