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

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

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: 001-41962

SHARPLINK GAMING, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**87-4752260** (I.R.S. Employer Identification No.)
333 Washington Avenue North, Suite 104 **Minneapolis, Minnesota** (Address of principal executive offices)	**55401** (Zip Code)

Registrant's telephone number, including area code: **(612) 293-0619**

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock	SBET	The Nasdaq Capital Market, LLC

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 ☒

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "emerging growth company" and "smaller reporting 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 Section 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 August 14, 2024, there were 3,510,350 shares of Common Stock issued and outstanding.

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	3
ITEM 1.	FINANCIAL STATEMENTS:	3
	Condensed Consolidated Balance Sheets as of June 30, 2024 (unaudited) and December 31, 2023	3
	Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2024 and 2023 (unaudited)	4
	Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the Three and Six Months Ended June 30, 2024 and 2023 (unaudited)	5
	Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and 2023 (unaudited)	6
	Notes to Condensed Consolidated Financial Statements (unaudited)	7
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	23
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	29
ITEM 4.	CONTROLS AND PROCEDURES	29
PART II.	OTHER INFORMATION	30
ITEM 1.	LEGAL PROCEEDINGS	30
ITEM 1A.	RISK FACTORS	30
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	30
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	30
ITEM 4.	MINE SAFETY DISCLOSURES	30
ITEM 5.	OTHER INFORMATION	30
ITEM 6.	EXHIBITS	30
SIGNATURES		31

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SHARPLINK GAMING, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2024 (unaudited)	December 31, 2023
Assets		
Current Assets		
Cash	$ 2,435,600	$ 2,487,481
Accounts receivable, net of allowance for credit losses of $ 0	329,896	415,119
Other Receivables	368,743	-
Unbilled receivables	-	12,000
Prepaid expenses and other current assets	329,784	383,295
Due from Rsports Interactive, Inc.	6,811	-
Current assets from discontinued operations	269,964	67,805,379
Total current assets	3,740,798	71,103,274
Equipment, net	6,168	8,792
Intangible assets, net	15,651	168,112
Total assets	$ 3,762,617	$ 71,280,178
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	$ 711,436	$ 1,463,699
Line of credit	-	6,345,978
Current portion of long-term debt	-	645,571
Current portion of convertible debenture, net of discount of $ 0 and $283,335, respectively, warrant discount of $0 and $831,746, respectively, accrued interest of $ 0 and $299,648, respectively	-	4,395,753
Current liabilities from discontinued operations	290,266	66,396,883
Total current liabilities	1,001,702	79,247,884
Long-Term Liabilities		
Deferred tax liability	-	7,155
Debt, less current portion	-	1,424,908
Total liabilities	1,001,702	80,679,947
Commitments and Contingencies		
Stockholders' Equity		
Series A-1 preferred stock, $ 0.0001 par value; authorized shares: 260,000; issued and outstanding shares: 7,202; liquidation preference: $116,997	1	1,440
Series B preferred stock, $ 0.0001 par value; authorized shares: 370,000; issued and outstanding shares: 12,481; liquidation preference: $529,122	1	2,496
Common stock, $0.0001 par value; authorized shares 100,000,000; issued and outstanding shares: 3,507,808 and 2,863,734, respectively	343	572,770
Treasury stock, 90 common shares at cost	(29,000)	(29,000)
Additional paid-in capital	78,810,751	77,909,981
Accumulated deficit	(76,021,181)	(87,857,456)
Total stockholders' equity (deficit)	2,760,915	(9,399,769)
Total liabilities and stockholders' equity	$ 3,762,617	$ 71,280,178

See accompanying notes to these condensed consolidated financial statements

SHARPLINK GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenues	$ 981,272	$ 1,343,526	$ 1,957,218	$ 2,576,287
Cost of revenues	701,142	942,204	1,389,876	1,784,886
Gross profit	280,130	401,322	567,342	791,401
Operating expenses				
Selling, general, and administrative expenses	1,484,680	2,136,936	3,456,755	4,182,270
Operating loss	(1,204,550)	(1,735,614)	(2,889,413)	(3,390,869)
Other income and expense				
Interest income	15,931	5,429	32,028	11,242
Interest expense	(324)	(246,995)	(324,518)	(470,865)
Other income	297,387	-	297,387	-
Change in fair value of convertible debenture and warrant liabilities	17,996	(422,808)	255,819	(678,037)
Total other income (expense)	330,990	(664,374)	260,716	(1,137,660)
Net loss before income taxes	(873,560)	(2,399,988)	(2,628,697)	(4,528,529)
Income tax (expense)	(43,104)	(6,071)	(48,778)	(34,713)
Net loss from continuing operations	(916,664)	(2,406,059)	(2,677,475)	(4,563,242)
Net income (loss) from discontinued operations, net of tax	453,705	(1,035,099)	14,564,872	(1,701,662)
Net income (loss)	$ (462,959)	$ (3,441,158)	$ 11,887,397	$ (6,264,904)
Numerator for basic and diluted net loss per share:				
Net loss from continuing operations available to common stockholders	$ (916,664)	$ (2,455,391)	$ (2,722,094)	$ (4,613,523)
Net income (loss) from discontinued operations available to common stockholders	453,705	(1,035,099)	14,564,872	(1,701,662)
	(462,959)	(3,490,490)	11,842,778	(6,315,185)
Denominator for net loss per share:				
Basic weighted average shares for continuing and discontinued operations	3,392,504	2,813,900	3,250,306	2,813,900
Diluted weighted average shares for discontinued operations	4,121,297	2,813,900	3,979,099	2,813,900
Net earnings (loss) per share:				
Net loss from continuing operations per share - basic	$ (0.27)	$ (0.87)	$ (0.84)	$ (1.64)
Net income (loss) from discontinued operations per share – basic	$ 0.13	$ (0.37)	$ 4.48	$ (0.60)
Net income (loss) per share - basic	$ (0.14)	$ (1.24)	$ 3.64	$ (2.24)
Net loss from continuing operations per share - diluted	$ (0.27)	$ (0.87)	$ (0.84)	$ (1.64)
Net income (loss) from discontinued operations per share – diluted	$ 0.11	$ (0.37)	$ 3.66	$ (0.60)
Net income (loss) per share - diluted	$ (0.16)	$ (1.24)	$ 2.82	$ (2.24)

See accompanying notes to these condensed consolidated financial statements

SHARPLINK GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS ' EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(UNAUDITED)

	Common/Ordinary shares		Series A-1 preferred stock		Series B preferred stock					
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Treasury stock	Accumulated deficit	Total shareholders' equity
Balance, December 31, 2022	**2,688,541**	**$ 537,731**	**6,630**	**1,326**	**12,481**	**$ 2,496**	**$ 76,039,605**	**$ (29,000)**	**$(73,565,641)**	**$ 2,986,517**
Net loss	-	-	-	-	-	-	-	-	(2,823,746)	(2,823,746)
Stock-based compensation expense	-	-	-	-	-	-	152,034	-	-	152,034
Warrants issued in conjunction with convertible debenture	-	-	-	-	-	-	1,174,229	-	-	1,174,229
Dividends on Series B preferred stock in Series A-1 preferred stock	-	-	250	50	-	-	(50)	-	-	-
Balance, March 31, 2023	**2,688,541**	**537,731**	**6,880**	**1,376**	**12,481**	**2,496**	**77,365,818**	**(29,000)**	**(76,389,387)**	**1,489,034**
Net loss	-	-	-	-	-	-	-	-	(3,441,158)	(3,441,158)
Stock-based compensation expense	-	-	-	-	-	-	167,630	-	-	167,630
Deemed dividends on Series B preferred stock anti-dilutive provision	-	-	-	-	-	-	48,633	-	(48,633)	-
Dividends on Series B preferred stock in Series A-1 preferred stock	-	-	250	50	-	-	(50)	-	-	-
Balance, June 30, 2023	**2,688,541**	**537,731**	**7,130**	**1,426**	**12,481**	**2,496**	**77,582,031**	**(29,000)**	**(79,879,178)**	**(1,784,494)**
Balance, December 31, 2023	**2,863,734**	**$ 572,770**	**7,202**	**1,440**	**12,481**	**2,496**	**77,909,981**	**(29,000)**	**(87,857,456)**	**(9,399,769)**
Net Income	-	-	-	-	-	-	-	-	12,350,356	12,350,356
Domestication equity adjustment - Note 1	-	(572,476)	-	(1,439)	-	(2,495)	576,410	-	-	-
Stock-based compensation expense	-	-	-	-	-	-	42,152	-	-	42,152
Shares issued for vested restricted stock	75,000	-	-	-	-	-	108,000	-	-	108,000
Issuance of common stock for exercise of warrants	266,667	27	-	-	-	-	159,973	-	-	160,000
Warrant settlement agreement - Note 8	-	-	-	-	-	-	(900,000)	-	-	(900,000)
Issuance of common stock for exchange of warrants - Note 8	156,207	15	-	-	-	-	210,879	-	(6,503)	204,391
Warrant exchange agreement - deemed dividend - Note 8	-	-	-	-	-	-	44,619	-	(44,619)	-
Warrant exchange agreement, issuance of pre-funded warrants - Note 8	-	-	-	-	-	-	287,150	-	-	287,150
Balance, March 31, 2024	**3,361,608**	**336**	**7,202**	**1**	**12,481**	**1**	**78,439,164**	**(29,000)**	**(75,558,222)**	**2,852,280**
Net Loss	-	-	-	-	-	-	-	-	(462,959)	(462,959)
Stock-based compensation expense	-	-	-	-	-	-	43,052	-	-	43,052
Shares issued for vested restricted stock	75,000	-	-	-	-	-	104,800	-	-	104,800
Shares sold for cash	71,200	7	-	-	-	-	71,349	-	-	71,356
Warrant exchange amendment - Note 8	-	-	-	-	-	-	152,386	-	-	152,386
Balance, June 30, 2024	**3,507,808**	**$ 343**	**7,202**	**$ 1**	**12,481**	**$ 1**	**$ 78,810,751**	**$ (29,000)**	**$(76,021,181)**	**$ 2,760,915**

See accompanying notes to these condensed consolidated financial statements.

Table of Contents

SHARPLINK GAMING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Includes cash flow activities from both continuing and discontinued operations	For the Six Months Ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	11,887,397	(6,264,904)
Net income (loss) from discontinued operations, net of tax	14,564,872	(1,701,662)
Net loss from continuing operations	$ (2,677,475)	$ (4,563,242)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,804	54,927
Amortization of loan costs	-	5,438
Amortization of debt discount	71,781	196,778
Amortization of prepaid stock issued for services	-	86,000
Change in fair value	(255,819)	678,037
Accrued interest on convertible debenture	-	130,192
Deferred tax expense	(7,155)	(62,218)
Stock-based compensation expense	73,163	136,498
Changes in assets and liabilities		
Accounts receivable	97,223	(66,138)
Unbilled receivables	-	592
Other receivables	(368,743)	-
Due from Rsports Interactive, Inc.	(6,811)	-
Prepaid expenses and other current assets	195,042	(124,646)
Accounts payable and accrued expenses	(1,080,970)	609,596
Contract liabilities	-	148
Customer deposits and other current liabilities	-	85,284
Net cash provided by (used in) operating activities – continuing operations	(3,952,960)	(2,832,754)
Net cash used in operating activities - discontinued operations	(17,002,007)	(9,211,756)
Net cash used in operating activities	(20,954,967)	(12,044,510)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for equipment	(1,719)	(10,978)
Proceeds from sale of intellectual property	150,000	-
Capital expenditures for internally developed software	-	(114,160)
Net cash used in investing activities – continuing operations	148,281	(125,138)
Net cash used in investing activities - discontinued operations	(18,857,834)	(343,206)
Net cash used for investing activities	(18,709,553)	(468,344)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible debenture and purchase warrants	(4,148,571)	4,000,000
Proceeds from sale of common stock	71,356	-
Proceeds from line of credit	550,000	-
Repayment of line of credit	(6,900,000)	-
Payments on long-term debt	(2,070,479)	(314,600)
Proceeds from exercise of warrants	160,000	-
Net cash generated by (used in) financing activities – continuing operations	(12,337,694)	3,685,400
Net cash generated by financing activities - discontinued operations	(5,835,352)	683,156
Net cash generated by (used in) financing activities	(18,173,046)	4,368,556
Net change in cash	(57,837,566)	(8,144,298)
Cash and restricted cash, beginning of period including discontinued operations	60,441,130	51,105,486
Cash and restricted cash, end of period including discontinued operations	2,603,564	42,961,188
Less cash from discontinued operations	(167,964)	(42,358,930)
Cash and restricted cash, end of period	$ 2,435,600	$ 602,258
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	485,531	286,898
Cash paid for taxes	366,678	63,934
Extension of maturity of operating lease liability	-	77,742
NON-CASH FINANCING ACTIVITIES:		
Settlement agreement, liability issued for warrants	(900,000)	-
Issuance of common stock in exchange of warrants	210,879	-
Issuance of common stock for vested restricted stock	212,800	-
Deemed Dividend	44,619	48,633
Warrant exchange agreement, issuance of pre-funded warrants	287,150	-
Warrant exchange amendment, revalue of strike price and removal of repurchase requirement	152,386	-
Discount on convertible debenture and purchase warrant	-	1,574,229
Dividends on Series B preferred stock in Series A-1 preferred stock	-	1,648

See accompanying notes to these condensed consolidated financial statements.

SHARPLINK GAMING, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

Note 1 – Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by SharpLink Gaming, Inc. (the “Company,” “SharpLink,” “we” or “our”), pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of the Company, the foregoing statements contain all adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial position of the Company as of June 30, 2024 and December 31, 2023, as well as its results of operations and cash flows for the three and six months ended June 30, 2024 and 2023. The condensed consolidated balance sheet as of December 31, 2023 has been derived from the audited consolidated financial statements as of that date. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts therein. Due to the inherent uncertainty involved in making estimates, actual results in future periods may differ from the estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to rules and regulations of the SEC. Accordingly, the condensed consolidated financial statements do not include all information and footnotes required by GAAP for complete financial statement presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2023, which are included in the Company’s Annual Report on Form 10-K filed with the SEC on March 29, 2024.

Nature of Business

SharpLink, a Delaware corporation, is an online performance marketing company that delivers unique fan activation solutions to its sportsbook and casino partners. Through its global affiliate marketing network, known as PAS.net, SharpLink drives qualified traffic and player acquisitions, retention and conversions to U.S. regulated sportsbooks and global casino gaming partners worldwide. In addition, SharpLink owns a performance marketing platform through which the Company owns and operates U.S. state-specific web domains designed to attract, acquire and drive local sports betting and casino traffic directly to its sportsbook and casino partners which are licensed to operate in each respective state.

Prior to the sale of SharpLink’s Sports Gaming Client Services and SportsHub Gaming Network (“SHGN”) business units in January 2024 to RSports Interactive, Inc. (“RSports”), a Minnesota corporation, (the “Sale of Business”), the SHGN unit owned and operated an online gaming business that primarily facilitated daily and seasonal peer-to-peer fantasy contests for its end users. The SHGN business unit also operated a website that provided a variety of services to private fantasy league commissioners, including secure online payment options, transparent tracking and reporting of transactions, payment reminders, in-season security of league funds, and facilitation of prize payouts. SharpLink’s Sports Gaming Client Services game development business was engaged in the provision of fantasy and free-to-play sports game and mobile app development services to a marquis list of customers, which included several of the biggest names in sports and sports betting, including Turner Sports, NBA, NFL, PGA TOUR, NASCAR and BetMGM, among others.

On January 18, 2024, the Company entered into a Purchase Agreement (the “PA”) with RSports to sell the Company’s Sports Gaming Client Services and SHGN business units. See *Note 3* for further information regarding the sale of Sports Gaming Client Services and SHGN business units.

On February 13, 2024, SharpLink Gaming Ltd. (“SharpLink Israel” and former parent company) completed its previously announced domestication merger (“Domestication Merger”), pursuant to the terms and conditions set forth in an Agreement and Plan of Merger (the “Domestication Merger Agreement”), dated June 14, 2023 and amended July 24, 2023, among SharpLink Israel, SharpLink Merger Sub Ltd., an Israeli company and a wholly owned subsidiary of SharpLink Gaming, Inc. (“Domestication Merger Sub”) and SharpLink Gaming, Inc. (“SharpLink US”). The Domestication Merger was achieved through a merger of Domestication Merger Sub Ltd. with and into SharpLink Israel, with SharpLink Israel surviving the merger and becoming a wholly owned subsidiary of SharpLink US. The Domestication Merger was approved by the shareholders of SharpLink Israel at an extraordinary special meeting of shareholders held on December 6, 2023. SharpLink US’s Common Stock commenced trading on the Nasdaq Capital Market under the same ticker symbol, SBET, on February 14, 2024.

As a result of the Domestication Merger, all SharpLink Israel ordinary shares outstanding immediately prior to the Domestication Merger automatically converted, on a one-for-one basis, into the right to receive, and become exchangeable for, shares of SharpLink US common stock, par value $ 0.0001 per share (“Common Stock”) and all preferred shares, options and warrants of SharpLink Israel outstanding immediately prior to the Domestication Merger converted into or exchanged for equivalent securities of SharpLink US on a one-for-one basis.

The following represents the change in the par value based on the outstanding ordinary and preferred shares to common and preferred stock after the redomestication on February 13, 2024:

Ordinary Shares		
Par value for ordinary shares at $0.20 as reported at February 13, 2024	$	572,770
Par value for common stock at $0.0001 at February 13, 2024		294
Net change in par value — will be reflected in additional paid-in capital	$	572,476
Preferred Shares		
Par value for Series A-1 preferred stock at $0.20 par value as reported at February 13, 2024	$	1,440
Par value for Series A-1 preferred stock at $0.0001 par value as reported at February 13, 2024		1
Net change in par value — will be reflected in additional paid-in capital	$	1,439
Par value for Series B preferred stock at $0.20 par value as reported at February 13, 2024		2,496
Par value for Series B preferred stock at $0.0001 par value at February 13, 2024		1
Net change in par value — will be reflected in additional paid-in capital	$	2,495

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of SharpLink Gaming, Inc. and its wholly owned subsidiaries. All intercompany accounts and transactions between consolidated subsidiaries have been eliminated in consolidation.

Reclassifications

Certain amounts in prior periods have been reclassified to reflect the impact of the discontinued operations treatment in order to conform to the current period presentation. *See Note 4.* During the three months ended June 30, 2024, we realigned our organizational structure and resources to more closely align with our strategic priorities. As a result of the change, we have one reportable segment, consisting of Affiliate Marketing, for the purpose of making operational and resource decisions and assessing financial performance. *See Note 12* for operating segment.

Functional Currency

The Company's functional and reporting currency is the U.S. dollar. Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. The resulting monetary assets and liabilities are translated into U.S. dollars at exchange rates prevailing on the subsequent balance sheet date. Revenue and expense components are translated to U.S. dollars at weighted-average exchange rates in effect during the period. Foreign currency transaction gains and losses resulting from remeasurement are recognized in other income and expenses within the condensed consolidated statements of operations.

Reverse Share Split

On April 23, 2023, the Company effected a one-for-ten (1:10) reverse share split of all the Company's share capital and adopted amendments to its Memorandum of Association and Second Amended and Restated Articles of Association ("M&AA"), whereby the Company (i) decreased the number of issued and outstanding ordinary shares, nominal value NIS 0.60 per share, from 26,881,244 to 2,688,541; (ii) reduced the total number of the Company's authorized shares under its M&AA from 92,900,000 shares of ordinary shares, nominal value NIS 0.06 (USD 0.02) per share, to 9,290,000 shares of ordinary shares, nominal value NIS 0.60 (USD 0.20) per share; and (ii) decreased by a ratio of one-for-ten (1:10) the number of retrospectively issued and outstanding shares of ordinary shares. Proportional adjustments for the reverse stock split were made to the Company's outstanding stock options, warrants and equity incentive plans. All share and per-share data and amounts have been retrospectively adjusted as of the earliest period presented in the financial statements to reflect the reverse stock split.

Discontinued Operations

In June 2022, the Company's Board of Directors approved management to enter into negotiations to sell Israel-based Mer Telemanagement Solutions Ltd. ("MTS" or "Enterprise TEM"). The Company completed the sale of MTS on December 31, 2022. Accordingly, the assets and liabilities of the MTS business are separately reported as assets and liabilities from discontinued operations as of June 30, 2024 and December 31, 2023. The results of operations and cash flows of MTS for all periods are separately reported as discontinued operations.

In December 2023, the Company's Board of Directors approved management to enter into a Letter of Intent with RSports to purchase the Company's Sports Gaming Client Services and SportsHub Gaming Network businesses.

In December 2023, the Company discontinued its C4 technology due to the lack of market acceptance. C4 technology centered on cost effectively monetizing our own online audience and our customers' respective online audiences of U.S. fantasy sports and casual sports fans and casino gaming enthusiasts by converting them into loyal online sports and iGaming bettors.

On January 18, 2024, the Company entered into a PA with RSports to sell the Company's Sports Gaming Client Services and SHGN business units to RSports. All of the membership interests of Sports Technologies, LLC, a Minnesota limited liability company, Holdings Quinn, LLC, a Delaware limited liability company and SHGN who owns all of the issued membership interests in SportsHub Reserve, LLC, ("SHReserve"), a Minnesota limited liability company; SportsHub PA, LLC, ("SHPA"), a Pennsylvania limited liability company, and SportsHub Holdings, LLC, ("SHHoldings"), a Minnesota limited liability company, and SportsHub Operations, LLC, ("SHOperations"), a Minnesota limited liability company (SHReserve, SHPA, SHHoldings and SHOperations, collectively, the "SHGN Subsidiaries") were sold for $22,500,000 in an all-cash transaction. The amount of cash received from sale of business, net of cash transferred of $ 18,857,834, as reflected on the statement of cash flows, reflects the receipt of cash of $22,500,000, net of the cash transferred of $ 41,357,834. The majority of cash transferred of $41,357,834 was reflected in discontinued operations customer deposits liability and deferred revenue of $ 36,959,573 and $4,888,704, respectively. *See Note 3 for an amendment to the PA agreement and Note 4.*

The Company has discontinued operations for the Sports Gaming Client Services and SportsHub Gaming Network businesses. *See Note 4.*

The Company is in the process of closing its remaining legal entities in MTS in order to simplify its legal structure.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2023-07 – Segment Reporting (Topic ASC 280) Improvements to Reportable Segment Disclosures. This Accounting Standards Update improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The enhancements under this update require disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, require disclosure of *other segment items* by reportable segment and a description of the composition of *other segment items*, require annual disclosures under ASC 280 to be provided in interim periods, clarify use of more than one measure of segment profit or loss by the CODM, require that the title of the CODM be disclosed with an explanation of how the CODM uses the reported measures of segment profit or loss to make decisions, and require that entities with a single reportable segment provide all disclosures required by this update and required under ASC 280. ASU 2023-07 is effective for public business entities for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company anticipates the adoption of ASC 280 will not have a material impact on its condensed consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update 2023-09 – Income Taxes (Topic ASC 740) Income Taxes. This Accounting Standards Update improves the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 will become effective at the beginning of our 2025 fiscal year. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. We do not expect that this guidance will have a material impact upon our financial position and results of operations.

Note 2 – **Going Concern**

During the three and six months ended June 30, 2024 and 2023, the Company had net loss from continuing operations of $(916,664) and $(2,406,059) For the three months ended June 30, 2023, respectively, and $(2,677,475) and $(4,563,242) respectively; and cash used for operating activities from continuing operations of $(3,952,960) and $(2,832,754) for the six months ended June 30, 2024 and 2023, respectively.

In January 2024, the Company completed the Sale of our Sports Gaming Client Services and SHGN business units for $ 22.5 million in an all cash transaction. In connection with the closing of the Sale of Business, SharpLink repaid in full all outstanding term loans and lines of credit with Platinum Bank, together with accrued but unpaid interest and all other amounts due in connection with such repayment under existing credit agreements, totaling an aggregate $14,836,625, and thereby terminated all existing credit facilities with Platinum Bank and discharged the debt on the Company's balance sheet. In addition, the Company redeemed the outstanding convertible debenture issued to Alpha Capital Anstalt ("Alpha") for 110% of the outstanding balance, plus accrued and unpaid interest, for $4,484,230 in aggregate, thereby satisfying all obligations under the debenture and discharging the debt on the balance sheet. *See Note 8*.

We may need to raise additional capital to fund the Company's growth and future business operations. We cannot be certain that additional funding will be available on acceptable terms or at all. If we are not able to secure additional funding when needed to support our business growth and to respond to business challenges, track and comply with applicable laws and regulations, develop new technology and services or enhance our existing offering, improve our operating infrastructure, enhance our information security systems to combat changing cyber threats and expand personnel to support our business, we may have to delay or reduce the scope of planned strategic growth initiatives. Moreover, any additional equity financing that we obtain may dilute the ownership held by our existing shareholders. The economic dilution to our shareholders will be significant if our stock price does not materially increase, or if the effective price of any sale is below the price paid by a particular shareholder. Any debt financing could involve substantial restrictions on activities and creditors could seek additional pledges of some or all of our assets. If we fail to obtain additional funding as needed, we may be forced to cease or scale back operations, and our results, financial conditions and stock price would be adversely affected. As such, these factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period.

Note 3 – **Sale of Sports Gaming Client Services and SHGN**

On January 18, 2024, SharpLink Israel ("Parent Seller") and SLG1 Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of SharpLink ("Subsidiary Seller"), SHGN ("SHGN," and together with Parent Seller and Subsidiary Seller, the "Seller"), a Delaware corporation and wholly owned subsidiary of SharpLink, entered into a Purchase Agreement (the "PA") with RSports Interactive, Inc., a Minnesota corporation ("Buyer"). The Subsidiary Seller owns all of the outstanding membership interests of Sports Technologies, LLC, a Minnesota limited liability company, Holdings Quinn, LLC, a Delaware limited liability company and SHGN owns all of the issued membership interests in SHReserve, a Minnesota limited liability company; SHPA, a Pennsylvania limited liability company, and SHHoldings, a Minnesota limited liability company, and SHOperations, a Minnesota limited liability company (collectively referred to as the "Targets"). The PA contemplated the sale of the Company's Sports Gaming Client Services and SHGN business units to the Buyer, by selling all of the issued and outstanding membership interests of the Targets and the Acquired Subsidiaries for $22,500,000 in an all cash transaction SHHoldings LLC owns all of the membership interests in Virtual Fantasy Games Acquisitions, LLC, a Minnesota limited liability company; LeagueSafe Management, LLC, a Minnesota limited liability company and SportsHub Regulatory, LLC, a Minnesota limited liability company.

On May 8, 2024, SharpLink entered into an amended and fully restated Post Closing Assignment Agreement with RSports, whereby SharpLink and RSports have agreed to amend the PA to exclude the transfer/sale of SHGN and have agreed to the assignment/sale of the Acquired Subsidiaries membership interests in SHReserve and SHPA to be made directly to RSports upon and subsequent to the approval of a petition by the Pennsylvania Gaming Control Board. Based on this amended agreement, the sale of the business is an asset sale for legal and tax purposes instead of an equity sale.

Further, in connection with the Sale of Business, SharpLink entered into a Post Closing Covenant Agreement (the "PCCA") with the Buyer defining the post-closing terms and conditions relating to certain transfers and assignments of assets subsequent to the closing of the Sale of Business, including:

- Transferring control of all bank accounts held by the Targets to the Buyer;
- Transferring or cooperating with the application process for all state gaming licenses held by the Targets in connection with the change of control to the Buyer;
- Providing the Buyer with an accounting of all funds due to and from and any deferred revenue between Sports Technologies, LLC, SHGN and SharpLink, Inc.;
- Assigning to Buyer or its affiliates, or cause the counterparty to consent to, all contracts assumed by the Buyer or its affiliates on or subsequent to the closing based upon change of control provisions; and
- Assigning to Buyer or its affiliates all of its intellectual property rights purchased in the PA for the Acquired Subsidiaries or Targets.

In accordance with the terms of the PCCA, SharpLink will complete all post-closing covenants following the closing as reasonably possible, with the exception of Seller covenants that are dependent on governmental authorities or governmental orders for completion, in which case it will use diligent, good faith efforts to cause the same to be completed as soon as practical. The $14.6 million gain was calculated by measuring the difference between the fair value of consideration received less the carrying amount of assets and liabilities sold in accordance with ASC 810. The gain is preliminary and subject to finalization of post-closing adjustments pursuant to the PA, the Post Closing Assignment Agreement and PCCA Agreement.

In the statement of cashflows for the six months ended June 30, 2024, the net cash used in investing activities - discontinued operations is due to cash received from the sale of business of $22,500,000, net of the cash transferred of $41,357,834. The majority of the cash transferred of $41,357,834 was reflected in discontinued operations customer deposits liability and deferred revenue of $36,959,573 and $4,888,704, respectively.

During the three and six months ended June 30, 2024, SharpLink paid RSports $70,420 and $93,597, respectively, for use of accounting service personnel. RSports paid SharpLink $21,588 and $53,154 under the PCCA agreement for the three and six months ended June 30, 2024, respectively.

Note 4 – **Discontinued Operations**

In accordance with ASC 205-20 Presentation of Financial Statements: Discontinued Operations, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major impact on an entity's operations and financial results when the components of an entity meets the criteria in ASC paragraph 205-20-45-10. In the period in which the component meets the held for sale or discontinued operations criteria the major assets, other assets, current liabilities and non-current liabilities shall be reported as a component of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes (benefit), shall be reported as components of net income (loss) separate from the income (loss) of continuing operations.

Sale of Sports Gaming Client Services and SHGN

As disclosed in *Note 3,* due to the Sale of Business in January 2024, we ceased our Sports Game Client Services and SHGN segments. The historical results of these business segments have been reflected as discontinued operations in our consolidated financial statements for all periods prior to the closing date of the Sale of Business on January 18, 2024.

Sale of MTS

In June 2022, the Company's Board of Directors authorized management to enter into negotiations to sell MTS. The Company negotiated a Share and Asset Purchase Agreement which was closed on December 31, 2022. The majority of the assets of the primary reporting unit within MTS were sold. The assets and liabilities remaining post transaction are in the process of winding down subsequent to the year ended December 31, 2022. Accordingly, the assets and liabilities of the MTS business were separately reported as assets and liabilities from discontinued operations as of June 30, 2024 and June 30, 2023. The results of operations and cash flows of MTS for all periods are separately reported as discontinued operations. During the three months ended June 30, 2024, the Company was notified by the Buyer of an earn-out payment due to SharpLink in connection with the sale and accrued $ 297,387 in an earn-out payment to be received from the Buyer. Payment was received by the Company in July 2024. No further payment is expected.

During the three months ended June 30, 2024, in accordance with the dissolution of certain MTS entities, the Company wrote-off $ 400,669 of aged liabilities in the statement of operations for discontinued operations. This write-off was recorded in the Other (expense) income line item below.

C4 Technology

In December 2023, the Company discontinued its C4 technology due to the lack of market acceptance. C4 technology centered on cost effectively monetizing our own online audience and our customers' respective online audiences of U.S. fantasy sports and casual sports fans and casino gaming enthusiasts by converting them into loyal online sports and iGaming bettors.

Summary Reconciliation of Discontinued Operations

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Revenues	$ 14,765	$ 1,913,831	$ 413,578	$ 4,071,461
Cost of Revenues	4,078	1,348,841	158,569	2,560,909
Gross Profit	10,687	564,990	255,009	1,510,552
Operating Expenses				
Selling, general, and administrative expenses	35,651	1,760,573	355,174	3,515,656
Operating Loss	(24,964)	(1,195,583)	(100,165)	(2,005,104)
Interest income	(9,651)	371,413	88,510	631,021
Other (expense) income	503,320	(76,644)	501,320	(76,644)
Gain on sale of business	-	-	14,670,811	-
Interest expense	-	(132,948)	(9,027)	(246,499)
Total other income and expense	493,669	161,821	15,251,614	307,878
Income (loss) before income taxes	468,705	(1,033,762)	15,151,449	(1,697,226)
Provision for income tax expenses	15,000	1,337	586,577	4,436
Income (loss) from discontinued operations	$ 453,705	$ (1,035,099)	$ 14,564,872	$ (1,701,662)

The following table presents a reconciliation of the carrying amounts of major classes of assets and liabilities of the Company classified as discontinued operations as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Carrying amounts of major classes of assets included as part of discontinued operations:		
Current assets		
Cash	$ 167,964	$ 46,369,229
Restricted cash	-	11,584,320
Accounts receivable, net of $0 allowance for credit losses	-	738,739
Unbilled receivables	-	9,447
Contract assets	-	274,833
Deferred prize expense	-	340,781
Prepaid expenses and other current assets	102,000	439,697
Investment, cost	-	200,000
Equipment, net	-	36,860
Right-of-use asset – operating lease	-	250,194
Intangible assets, net	-	2,260,351
Goodwill	-	5,300,928
Total current assets	$ 269,964	$ 67,805,379

	June 30, 2024	December 31, 2023
Carrying amounts of major classes of liability included as part of discontinued operations:		
Current Liabilities		
Accounts payable and accrued expenses	290,266	$ 1,123,105
Contract liabilities	-	2,407,924
Prize liability	-	6,475,400
Customer obligations	-	50,249,095
Line of credit	-	5,000,000
Current portion of long-term debt	-	869,426
Current portion of lease liability	-	251,898
Deferred tax liability	-	20,035
Total current liabilities	$ 290,266	$ 66,396,883

Note 5 – Additional Balance Sheet Information

Equipment, net

Equipment consists of computers, furniture and fixtures and is presented net of accumulated depreciation from continuing operations for a net book value of $6,168 and $8,792 as of June 30, 2024 and December 31, 2023, respectively. Depreciation expense from continuing operations for the three months ended June 30, 2024 and 2023 was $2,140 and $3,006, respectively, and $4,343 and $5,907, respectively, for the six months ended June 30, 2024 and 2023. Depreciation expense for discontinued operations for the three months ended June 30, 2024 and 2023 was $0 and $2,381, respectively and was $1,044 and $9,507, respectively, for the six months ended June 30, 2024 and 2023.

Intangible assets, net

Intangible assets, net of accumulated amortization as of June 30, 2024 and December 31, 2023 consisted of the following:

	Weighted Average Amortization Period (Years)	Cost, Net of Impairment	Accumulated Amortization	Net
Balance, June 30, 2024				
Acquired technology	3	$ 24,700	$ 9,049	$ 15,651
		$ 24,700	$ 9,049	$ 15,651
Balance, December 31, 2023				
Customer relationships	5 - 10	$ 208,124	$ 208,124	$ -
Acquired technology	3 - 5	808,700	790,588	18,112
Software in development	N/A	150,000	-	150,000
		$ 1,166,824	$ 998,712	$ 168,112

Amortization expense from continuing operations on intangible assets for the three and six months ended June 30, 2024 was $1,230 and $2,461, respectively. Amortization expense from discontinued operations was $0 and $23,469 for the three and six months ended June 30, 2024, respectively. For the three and six months ended June 30, 2023, amortization expense from continuing operations was $25,198 and $47,660 respectively. Amortization expense for the discontinued operations was $167,118 and $328,679 for the three and six months ended June 30, 2023, respectively. As of December 31, 2023, the Company impaired, net $849,565 for the customer relationship and internally developed software in Affiliate Marketing Services due to the loss of future revenue by the exit of Affiliate Marketing Services' largest customer from the European market. The Company sold $150,000 of software in development to a third party during the first quarter of 2024.

Note 6 – **Line of Credit**

On February 13, 2023, the Company entered into a Revolving Credit Agreement with Platinum Bank (the “Lender”) and executed a variable rate (9.0% as of December 31, 2023) revolving promissory note of $7,000,000, expiring February 26, 2025. As collateral, the Company granted a security interest in and to all of the Company’s right, title and interest in certain assets on account at Platinum Bank, together with all financial assets, security entitlements with respect to such financial assets, investment property, securities and other property, to secure the payment and performance of the Revolving Credit Agreement. There was $6,350,000 outstanding as of December 31, 2023. In connection with the Sale of Business in January 2024, the revolving credit line was paid off. *See Note 3.*

Note 7 – **Debt**

On January 31, 2022, FourCubed Acquisition Company, LLC (“FCAC”), a wholly owned subsidiary of the Company, entered into a $ 3,250,000 term loan agreement with Platinum Bank (the “Term Loan Agreement”). The Term Loan Agreement bears annual interest at a rate of 4% and requires a fixed monthly payment of $59,854, consisting of principal and interest, through the term loan’s maturity, which is January 31, 2027. The Company capitalized $25,431 of loan initiation fees associated with the Term Loan Agreement which are presented net within debt on the condensed consolidated balance sheet and amortized on a method which approximates the effective interest method to interest expense on the condensed consolidated statement of operations.

On January 18, 2024, in conjunction with the Sale of Business, the term loan was paid off. *See Note 3.*

Note 8 - Convertible Debenture and Warrant

Convertible Debenture at Fair Value

The Company accounts for convertible debentures using an amortized cost model. The discount for warrants, the Original Issuance Discount (“OID”) and the initial allocation of fair value of compound derivatives reduce the initial carrying amount of the convertible notes. The carrying value is accredited to the stated principal amount at contractual maturity using the effective-interest method with a corresponding charge to interest expense. Debt discounts are presented on the condensed consolidated balance sheets as a direct deduction from the carrying amount of that related debt.

The Company made an irrevocable election at the time of issuance of the Debenture to record the Debenture at its fair value (the “Fair Value Option”) with changes in fair value recorded through the Company’s condensed consolidated statements of operations within other income (expense) at each reporting period. The Fair Value Option provides the Company with a measurement basis election for financial instruments on an instrument-by-instrument basis.

On February 14, 2023, the Company entered into the Securities Purchase Agreement (the "SPA") with Alpha, a current shareholder of the Company, pursuant to which the Company issued to Alpha, an 8% Interest Rate, 10% Original Issue Discount, Senior Convertible Debenture (the "Debenture") in the aggregate principal amount of $4,400,000 for a purchase price of $4,000,000 on February 15, 2023. The Debenture is convertible, at any time, and from time to time, at Alpha's option, into shares of Common Stock of the Company (the "Conversion Shares"), at an initial conversion price equal to $7.00 per share, subject to adjustment as described below and, in the Debenture, (the "Conversion Price"). In addition, the Conversion Price of the Debenture was subject to an initial reset immediately prior to the Company's filing of a registration statement covering the resale of the underlying shares to the lower of $7.00 and the average of the five Nasdaq Official Closing Prices immediately preceding such date (the "Reset Price"). The registration statement on Form S- 1 (file No.: 333-271396) was filed on April 21, 2023, and as a result, the Reset Price is now $ 4.1772. The initial adjustment of the Conversion Price to the Reset Price had a floor price of $ 3.00 (the "Floor Price").

Commencing November 1, 2023 and continuing on the first day of each month thereafter until the earlier of (i) February 15, 2026 (the "Maturity Date") and (ii) the full redemption of the Debenture (each such date, a "Monthly Redemption Date"), the Company will redeem $209,524 plus accrued but unpaid interest, and any amounts then owing under the Debenture (the "Monthly Redemption Amount"). The Monthly Redemption Amount will be paid in cash; provided, that the Company may elect to pay all or a portion of a Monthly Redemption Amount in ordinary shares of the Company, based on a conversion price equal to the lesser of (i) the then Conversion Price of the Debenture and (ii) 80% of the average of the VWAPs (as defined in the Debenture) for the five consecutive trading days ending on the trading day that is immediately prior to the applicable Monthly Redemption Date. The Company may also redeem some or all of the then outstanding principal amount of the Debenture at any time for cash in an amount equal to the then outstanding principal amount of the Debenture being redeemed plus accrued but unpaid interest, liquidated damages and any amounts then owing under the Debenture. These monthly redemption and optional redemptions are subject to the satisfaction of the Equity Conditions (as defined in the Debenture).

The Debenture initially accrues interest at the rate of 8% per annum for the first 12 months from the February 15, 2023, at the rate of 10% per annum for the ensuing 12 months, and thereafter until maturity, at the rate of 12%, Interest may be paid in cash or ordinary shares of the Company or a combination thereof at the option of the Company; provided that interest may only be paid in shares if the Equity Conditions (as defined in the Debenture) have been satisfied, including shareholder approval. The Debenture includes a beneficial ownership blocker of 9.99%. The Debenture provides for adjustments to the Conversion Price in connection with stock dividends and splits, subsequent equity sales and rights offerings, pro rata distributions, and certain Fundamental Transactions. In the event the Company, at any time while the Debentures is outstanding, issues or grants any right to re-price, ordinary shares or any type of securities giving rights to obtain ordinary shares at a price below the Conversion Price, Alpha shall be extended full-ratchet anti-dilution protection (subject to customary Exempt Transaction issuances), and such reset shall not be limited by the Floor Price.

At the time of execution, on February 14, 2023, the Company recorded an initial debt discount of $ 400,000 based on the allocation of fair value for the Debenture, which will be amortized into interest expense over the term of the Debenture. For the period from February 14, 2023 through December 31, 2023, the Company recognized $(255,229) change in fair value of the convertible Debenture, which is reflected in other income and expense in the condensed consolidated statement of operations, and $16,667 for the amortization of the OID, which is included in interest expense on the condensed consolidated statement of operations.

Pursuant to Section 8(a)(vi) of the Debenture, it is an event of default if the Company is party to a Fundamental Transaction or agrees to sell or dispose of all or in excess of 33% of its assets in one transaction or a series of related transactions. On January 19, 2024, SharpLink and Alpha entered into a settlement agreement (the "Settlement Agreement") whereby Alpha agreed to waive (i) the event of default under Section 8(a)(vi) of the Debenture in connection with the Sale of Business; and (ii) payment of the Mandatory Default Amount; and the parties agreed that the Company would pay 110% of the outstanding principal amount of the Debenture, plus accrued and unpaid interest, in the aggregate total amount of $4,484,230 (the "Debenture Redemption Amount"). On January 19, 2024, the Company paid Alpha the Debenture Redemption Amount. As a result, the Company's obligations under the Debenture have been satisfied.

Purchase Warrant

On February 15, 2023, the Company also issued to Alpha a warrant (the "Warrant") to purchase 880,000 ordinary shares of the Company at an initial exercise price of $8.75 (the "Warrant Shares", and, together with the Conversion Shares, and any other ordinary shares of the Company that may otherwise become issuable pursuant to the terms of the Debenture and Warrant, the "Underlying Shares"). The Warrant is exercisable in whole or in part, at any time on or after February 15, 2023 and before February 15, 2028. The exercise price of the Warrant was subject to an initial reset immediately prior to the Company's filing of a proxy statement that included a shareholder proposal to approve the issuance of Underlying Share in excess of 19.99% of the issued and outstanding ordinary shares on the Closing Date (the "Shareholder Proposal") to the lower of $8.75 and the average of the five Nasdaq Official Closing Prices immediately preceding such date. As a result, the exercise price has been reset to $4.0704, the average of the five Nasdaq Official Closing Prices immediately preceding April 14, 2023, the date the Company filed its preliminary proxy statement which included the Shareholder Proposal. The Warrant includes a beneficial ownership blocker of 9.99%. The Warrant provides for adjustments to the exercise price, in connection with stock dividends and splits, subsequent equity sales and rights offerings, pro rata distributions, and certain Fundamental Transactions.

In the event the Company, at any time while the Warrant is still outstanding, issues or grants any right to re-price ordinary shares or any type of securities giving rights to obtain ordinary shares at a price below exercise price, Alpha shall be extended full-ratchet anti-dilution protection on the Warrant (reduction in price, only, no increase in number of Warrant Shares, and subject to customary Exempt Transaction issuances), and such reset shall not be limited by the Floor Price.

At the time of execution, the Company classified the Warrant as an equity contract and performed an initial fair value measurement. As the Warrant was issued with the sale of the Debenture, the value assigned to the Warrant was based on an allocation of proceeds, subject to the allocation to the Debenture. The Company recorded a debt discount for the Warrant of $1,174,229, based on the Black Scholes option-pricing model which was calculated independently of the fair value of the Debenture, and recorded the Warrant as additional paid-in capital in the condensed consolidated balance sheet as of December 31, 2023.

The Warrant provides that in the event of a Fundamental Transaction, SharpLink, at Alpha's option, would repurchase the Warrant from Alpha on the terms set forth in Section 3(e)(ii) of the 2023 Warrant (the "Warrant Repurchase"). On January 19, 2024, SharpLink and Alpha entered into a settlement agreement (the "Settlement Agreement") whereby Alpha agreed to waive (i) the event of default under Section 3(e)(ii) of the Warrant in connection with the Sale of Business.

Pursuant to Section 5(1) of the Warrant, Alpha further agreed to waive its right to elect that, in connection with and at the closing of the Sale of Business, the Warrant shall be repurchased by the Company as set forth in Section 3(e) of the 2023 Warrant. The parties agreed in the Settlement Agreement that the Warrant Repurchase for its Black Scholes value shall take place upon the earlier of (a) June 30, 2024; (b) the Company raising a gross amount of not less than $3,000,000 whether by equity or debt; and (c) the Company entering into a "Fundamental Transaction" as defined in the 2023 Warrant. The parties further agree in the Settlement Agreement value of the 2023 Warrant for purposes of the Warrant Repurchase at $ 900,000, which was based on a Black Scholes model.

On March 6, 2024, SharpLink entered into an Exchange Agreement (the "Exchange Agreement") with Alpha to change the Warrant Repurchase of $ 900,000. Pursuant to the terms and conditions set forth in the Exchange Agreement, the Company agreed to exchange the 2023 Warrant to purchase 880,000 ordinary shares of common stock for (i) 156,207 shares of Common Stock (the "Shares"), (ii) a pre-funded warrant in the amount of 469,560 shares of Common Stock (the "Pre-Funded Warrant") and (iii) the unexchanged balance of the 2023 Warrant Repurchase (the "Warrant Repurchase Balance"). The Warrant Repurchase Balance of 254,233 warrants is valued at $170,636 and shall be subject to the repurchase terms set forth in the Settlement Agreement. The Pre-Funded Warrant and the Warrant Repurchase Balance were valued using Black Scholes option-pricing model. As part of this transaction, the Company recorded a deemed dividend of $44,619 as presented in the statement of stockholders' equity for the six months ended June 30, 2024.

O n June 30, 2024, SharpLink negotiated an Amendment to the Exchange Agreement (the "Amendment") to reduce the strike price per warrant of the unexchanged balance of the 2023 Warrants Repurchase Balance from $4.07 to $0.0001 and to remove the re-purchase option. The modification to the Exchange Agreement was valued on June 29, 2024, the day before the modification, using Black Scholes option-pricing model. The Company recorded a fair value adjustment of $17,996 on the condensed consolidated statements of operations for the six months ended June 30, 2024 and removed the remaining accrued warrant liability of $152,386 through an adjustment to additional paid in capital.

The fair value of the Warrant Repurchase balance and the Pre-Funded Warrant are estimated on the following dates using the Black Scholes option pricing model with the following assumptions:

	January 19, 2024	March 6, 2024	March 31, 2024	June 30, 2024
Expected volatility	112.98%	90.90%	87.36%	88.06%
Expected dividends	0.00%	0.00%	0.00%	0.00%
Expected term (years)	4.08	3.92	3.90	3.63
Risk-free rate	3.75%	4.12%	4.21%	4.33%

Note 9 - Fair Value

In accordance with fair value accounting guidance, the Company determines fair value based on the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

As disclosed in *Note 8*, SharpLink entered into a Settlement Agreement on January 19, 2024 for the 2023 Warrant for purposes of the Warrant Repurchase at $900,000. On March 6, 2024, SharpLink entered into an Exchange Agreement (the "Exchange Agreement") with Alpha to change the Warrant Repurchase of $900,000. Pursuant to the terms set forth in the Exchange Agreement, the Company agreed to exchange the 2023 Warrant for (i) 156,207 shares of Common Stock (the "Shares"), (ii) a pre-funded warrant in the amount of 469,560 shares of Common Stock (the "Pre-Funded Warrant") and (iii) the remaining unexchanged balance of the 2023 Warrant Repurchase (the "Warrant Repurchase Balance").

On June 30, 2024, SharpLink negotiated an Amendment to the Exchange Agreement (the "Amendment") to reduce the strike price per warrant of the unexchanged balance of the 2023 Warrants Repurchase Balance from $4.07 to $0.0001 and to remove the re-purchase option. The fair value of the warrant liability was zero as of June 30, 2024.

Fair Value, December 31, 2023	$	4,395,753
Principle and interest convertible debenture repayments		(4,395,753)
Issuance of warrant repurchase balance		900,000
Conversion of warrants to shares and pre-funded warrants		(498,029)
Change in fair value of warrant repurchase balance		(231,589)
Change in fair value of warrant amendment		(17,996)
Settlement of warrant liability due to amendment		(152,386)
Fair Value, June 30, 2024	$	-

As disclosed in *Note 8*, the Debenture and the Warrant were reported at fair value at issuance.

The following table sets forth the Company's consolidated financial assets and liabilities measured at fair value by level within the fair value hierarchy on December 31, 2023

		Convertible Debenture
Level I	$	-
Level II	$	-
Level III	$	4,395,753
Total	$	4,395,753

The following table presents a reconciliation of the beginning and ending balances of the Debenture measured at fair value on a recurring basis that uses significant unobservable inputs (Level 3) and the related expenses and losses recorded in the consolidated statement of operations during the twelve months ended December 31, 2023:

Fair Value, December 31, 2022	$	-
Issuance of convertible debenture		2,825,771
Accretion for discount for warrants		342,481
Accretion for discount for OID		116,667
Interest expense		299,648
Principle repayments		(419,048)
Change in fair value		1,230,234
Fair Value, December 31, 2023	$	4,395,753

The fair value of the Debenture was determined using a Monte Carlo Simulation ("MCS") which incorporates the probability and timing of the consummation of a Fundamental Transaction event and conversion of the Debenture as of the valuation date.

The MCS implied a discount rate at issuance that resulted in a total value to the debenture and warrants that equated to the transaction proceeds. This discount rate was 50.0% at issuance and was calibrated to the December 31, 2023 valuation date by comparing the B rated commercial paper credit spread at both dates. B spreads are as follows:

Issuance - February 14, 2023	4.13%
Fair Value - December 31, 2023	1.29%

At inception, the Company valued the Debenture using a Monte Carlo Simulation model using the value of the underlying stock price of $ 3.50, exercise price of $8.75, expected dividend rate of 0%, risk-free interest rate of 3.96% and volatility of 40.0%. The Company estimated the term of the warrant to be 2.9 years. On December 31, 2023, the Company valued the Debenture using a Monte Carlo Simulation model using the expected dividend rate of 0% and the risk-free interest rate of 5.60%. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates and market factors.

Note 10 - Warrants

In conjunction with the Convertible Debenture and Warrant issuance on February 14, 2023, 266,667 warrants that were previously issued to Alpha on November 19, 2021 were revalued on February 14, 2023, reducing the exercise price from $45.00 per warrant share to $0.60 per warrant share. The Company performed a Black Scholes model for the re-pricing of the warrants using the value of the underlying stock price of $5.10 stock price, exercise price of $0.60, expected dividend rate of 0%, risk-free interest rate of 4.04% and volatility of 52.57% and remaining term of 2.9 years. These same assumptions were applied to the 880,000 warrants. The value allocated to the warrants on November 19, 2021 was $11,435 and was recorded in additional paid-in capital. The fair value of the re-priced warrants on February 15, 2023 was $1,218,205, an increase of $1,206,771. The incremental value of the warrants was recorded in Additional Paid-In Capital as of December 31, 2023 as a deemed dividend.

On June 14, 2023, the Company filed a registration statement on Form S-1 (file number: 333-272652) with the SEC to register 266,667 ordinary shares issuable upon exercise of the purchase warrants issued to Alpha in November 2021. The registration statement on Form S-1 was deemed effective on September 29, 2023. On January 19, 2024, Alpha exercised the purchase warrants in full for 266,667 ordinary shares with the Company receiving $ 160,000.

In conjunction with the Amendment to the Exchange Agreement on June 30, 2024, 254,233 warrants that were previously issued to Alpha on February 14, 2023 were revalued on June 29, 2024, reducing the exercise price from $4.07 per warrant share to $0.0001 per warrant share. The Company performed a Black Scholes model for the re-pricing of the warrants using the value of the underlying stock price of $0.60 stock price, exercise price of $0.0001, expected dividend rate of 0%, risk-free interest rate of 4.33% and volatility of 88.06% and remaining term of 3.63 years. The fair value of the re-priced warrants on June 29, 2023 was $152,386, a decrease of $17,996. The incremental value of the warrants was recorded as change in fair value on the condensed consolidated statements of operations as of June 30, 2024. As a result of the removal of the repurchase option, the remaining warrant liability of $ 152,386 was removed as an adjustment to additional paid in capital as of June 30, 2024.

Following is a summary of the Company's warrant activity for the six months ended June 30, 2024:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Life (Years)
Outstanding as of December 31, 2023	1,158,015	$ 3.43	3.58
Previously issued regular warrants exchanged	(723,893)	4.10	-
Exchanged revalued warrants issued	723,893	-	7.35
Exercised	(422,874)	$ 1.89	-
Outstanding as of June 30, 2024	735,141	$ 0.28	7.37

Following is a summary of the Company's warrant activity for the six months ended June 30, 2023:

	Number of Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Life (Years)
Outstanding as of December 31, 2022	464,046	$ 0.72	2.96
Previously issued regular warrants	(266,667)	(8.93)	0.52
Revalued regular warrants	266,667	0.12	0.52
Issued and vested	880,000	2.68	3.20
Outstanding as of June 30, 2023	1,344,046	$ 2.93	4.13

Note 11 - Stock Compensation

Stock Options

Option awards are generally granted with an exercise price equal to the market price of the Company's Common Stock at the date of grant; those options generally vest based on three years of continuous service and have ten-year contractual terms. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the plans.

The Company granted 0 and 169,309 options for the six months ended June 30, 2024 and 2023, respectively. The Company recognized stock compensation expense for stock options of $85,204 and $319,664 for the six months ended June 30, 2024 and 2023, respectively, of which $12,041 and $183,186 of expense are recorded in discontinued operations. The Company recognized stock compensation expense for stock options of $43,052 and $167,630 for the three months ended June 30, 2024 and 2023, respectively, of which $0 and $95,210 of expense are recorded in discontinued operations.

The fair value of each option award is estimated on the date of grant using a Black Scholes option-pricing model. The Company uses historical option exercise and termination data to estimate the term the options are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield is calculated using historical dividend amounts and the stock price at the option issue date. The expected volatility is determined using the volatility of peer companies. The Company's underlying stock has been publicly traded since the date of the MTS Merger. Subsequent to the MTS Merger, option grants made under the SharpLink, Inc. 2021 Plan utilized the publicly traded stock price of the Company on the day of the option award. All option grants made under the SharpLink, Inc. 2020 Stock Incentive Plan were prior to the MTS Merger. The underlying SharpLink, Inc. stock under that plan was not publicly traded, but was estimated on the date of the grants using valuation methods that consider valuations from recent equity financings as well as future planned transactions. All option grants made under the SportsHub Games Network Inc. 2018 Incentive Plan were prior to the SportsHub Acquisition. The underlying SportsHub stock under that plan was not publicly traded, but was estimated on the date of the grants using valuation methods that consider valuations from recent equity financings as well as future planned transactions.

The fair value of each stock option grant is estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

	June 30, 2024	June 30, 2023
Expected volatility	51.02 - 116.56%	53.6 - 54.6%
Expected dividends	0%	0%
Expected term (years)	5.0 - 6.0	5.6 - 5.9
Risk-free rate	0.40 - 4.33%	3.4 - 4.1%
Fair value of Ordinary Shares on grant date	$ 1.70 - 32.88	$ 1.7 - 34.40

The summary of activity under the plans as of June 30, 2024, and change during the six months ended June 30, 2024, is as follows:

Options	Shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding as of December 31, 2023	414,819	$ 8.79	7.7	$ 3,750
Granted	-			
Exercised	-			
Forfeited	(102,772)	5.7		
Expired	(167,970)	8.8		
Outstanding as of June 30, 2024	144,077	$ 10.97	7.9	$ 1,500
Exercisable as of June 30, 2024	89,149	$ 13.62	7.7	$ 1,500

The summary of activity under the plans as of June 30, 2023, and change during the six months ended June 30, 2023, is as follows:

Options	Shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding as of December 31, 2022	288,912	$ 1.14		7,750
Granted	169,309	5.23		
Exercised	-	-		
Forfeited	(7,111)	5.70		
Expired	(889)	5.70		
Outstanding as of June 30, 2023	450,221	$ 4.97	9.1	7,450
Exercisable as of June 30, 2023	174,650	$ 7.17	8.6	7,450

Unamortized stock compensation expense of $270,105 will be amortized through 2026 for 52,428 of unvested options and has a weighted average recognition period of 8.3 years.

Restricted Stock Units

For the six months ended June 30, 2024, the Company's Compensation Committee recommended to the Board of Directors and the Board approved the granting of certain restricted stock units ("RSU") to members of the senior leadership team and the Board of Directors. The aggregate fair value of RSU awards was $419,200 and valued at the closing price of the Company's Common Stock on the date of grant. The RSUs vest at quarterly intervals over the remainder of 2024. There were no RSU's granted in 2023. The following is a summary of RSU activity:

	Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2023	-	$ -		-
Granted	300,000	1.40	-	-
Cancelled	-	-	-	-
Vested and released	(150,000)	-	-	$ 3,200
Outstanding and unvested as of June 30, 2024	150,000	$ 1.40	3.78	-

The Company recognized $212,800 as part of the total stock compensation expense related to RSU awards for the six months ended June 30, 2024. The total unrecognized compensation cost related to unvested RSUs as of June 30, 2024 was $206,400.

Note 12 - Operating Segments

As of June 30, 2024, the Company has one reportable operating segment: Affiliate Marketing Services.

During the three months ended June 30, 2024, we realigned our organizational structure and resources to more closely align with our strategic priorities. As a result of the change, we have one reportable segment, consisting of Affiliate Marketing, for the purpose of making operational and resource decisions and assessing financial performance. The Chief Operating Decision Maker is the Company's CEO.

The Affiliate Marketing Services segment operates a global affiliate network and performance marketing platform which owns and operates web domains designed to attract, acquire and retain sports betting and casino traffic directly to the Company's licensed sportsbook and casino partners.. The Company earns a commission from sportsbooks and casino operators (cost per acquisition or a portion of net gaming revenues) on new depositors referred to them. .

Summarized revenues by country in which the Company operated for the three and six months ended June 30, 2024 and 2023 are shown below:

For the three months ended June 30, 2024:

	Affiliate Marketing Services
United States	$ 230,725
Rest of the World	750,547
Revenue	$ 981,272

For the six months ended June 30, 2024:

	Affiliate Marketing Services
United States	$ 438,726
Rest of the World	1,518,492
Revenue	$ 1,957,218

For the three months ended June 30, 2023:

	Affiliate Marketing Services
United States	$ 218,638
Rest of the World	1,124,888
Revenue	$ 1,343,526

For the six months ended June 30, 2023:

	Affiliate Marketing Services
United States	$ 443,123
Rest of the World	2,133,164
Revenue	$ 2,576,287

The Company does not have material tangible long-lived assets in foreign jurisdictions.

The Company's Affiliate Marketing Services segment derives a significant portion of its revenues from several large customers. The table below presents the percentage of consolidated revenues derived from large customers:

	June 30, 2024	June 30, 2023
Customer A	37%	39%
Customer B	22%	35%

Note 13 - Revenue Recognition

For the six months ended June 30, 2024 and 2023, the Company has recognized its revenue at a point in time. The Company's only revenue stream is services.

The Company's assets and liabilities related to its contracts with customers were as follows:

	June 30, 2024	June 30, 2023
Accounts receivable	$ 329,896	$ 507,011
Unbilled revenue	$ -	$ 11,408

The timing of revenue recognition may differ from the timing of invoicing to customers and these timing differences result in contract advanced billings on the Company's condensed consolidated balance sheet. The Company recognized unbilled revenue when revenue is recognized prior to invoicing.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined that its contracts generally do not include a significant financing component. The primary purpose of invoicing terms is to provide customers with simplified and predictable ways of purchasing the Company's products and services, and not to facilitate financing arrangements.

Note 14 – Income Taxes

On a quarterly basis, we estimate our annual effective tax rate and record a quarterly income tax provision based on the anticipated rate. As the year progresses, we refine our estimate based on the facts and circumstances, including discrete events, by each tax jurisdiction. The effective tax rate for the six-month periods ended June 30, 2024 was (0.3%) and (0.31%), respectively. The Company has NOLs available to offset 80% of the current year taxable income and the gain, net of tax is classified as discontinued operations in the financial statements. The Company is in the process of dissolving certain legal entities to simply its legal structure. The tax impact of these legal entities being dissolved is not expected to be significant.

We follow the authoritative guidance on accounting for and disclosure of uncertainty in tax positions which requires us to determine whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals of litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the uncertain tax benefit amount recognized in the financial statements is reduced to the largest benefit that has a greater than 50% likelihood of being realized upon the ultimate settlement with the relevant taxing authority. Interest and penalties related to uncertain tax positions are included in the provision for income taxes in the condensed consolidated statements of operations. In accordance with the Sale of Business (*See Note 3*), management performed an evaluation of the technical merits of the Israeli Controlled Foreign Corporate Rules to determine the taxability of the gain from the Sale of Business from an Israeli tax perspective. This analysis also considered the results of the U.S. income tax. Management determined that the technical merits for uncertain tax exposure resulting from the gain for Israeli tax purposes did not exceed the more-likely-than-not threshold and has not recorded any income tax liability at June 30, 2024. Management's determination is based on known facts and circumstances and requires judgment of a complex set of rules and regulations. If facts and circumstances change, such as closing, liquidating or selling of the businesses' equity that is remaining, including events outside the Company's control, this could have a material impact on the management's determination.

Note 15 – **Net Income (Loss) Per Share**

Basic net income (loss) per share is calculated by dividing net income (loss) available to common shareholders, adjusted for preferred stock discount accretion and dividends accrued on preferred stock, by the weighted-average number of common stock outstanding during the period excluding the effects of any potentially dilutive securities. Diluted net loss per share is computed similar to basic loss per share, except that the denominator is increased to include the number of additional common stock that would have been outstanding if potential shares of common stock had been issued if such additional common stock were dilutive.

As the Company had a net loss from continuing operations and net income from discontinued operations for the three and six months ended June 30, 2024, the following presents dilutive and anti-dilutive securities. For continuing operations, since there was a net loss, all securities presented below were excluded from weighted average shares outstanding. For discontinued operations, dilutive securities presented below were included in the net income per share calculation and the anti-dilutive securities were excluded in weighted average shares outstanding:

	Three Months Ended June 30, 2024	For the Six Months Ended June 30, 2024
Dilutive:		
Prefunded warrants	469,560	469,560
Regular warrants	254,233	254,233
MTS Warrants	2,500	2,500
MTS Stock options	2,500	2,500
Total Dilutive	728,793	728,793
Anti-Dilutive:		
Stock options	141,577	141,577
Series A-1 preferred stock	7,202	7,202
Series B preferred stock	12,481	12,481
MTS warrants	5,833	5,833
SportsHub warrants	3,015	3,015
Restricted Stock Units	150,000	150,000
Total Anti-dilutive	320,108	320,108

As the Company had net loss from continuing operations and discontinued operations for the three and six months ended June 30, 2023, the following anti-dilutive securities outstanding as of June 30, 2023 were excluded in weighted average shares outstanding:

Anti-Dilutive:	Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2023
Prefunded warrants	125,359	125,359
MTS warrants	2,500	2,500
MTS options	2,500	2,500
Stock options	447,721	447,721
Series A-1 preferred stock	7,130	7,130
Series B preferred stock	12,481	12,481
MTS warrants	5,833	5,833
Purchase warrants	880,000	880,000
Regular warrants	330,354	330,354
SportsHub warrants	3,015	3,015
Total Anti-dilutive	1,816,893	1,816,893

The calculation of the net income (loss) per share and weighted-average shares of the Company's common stock outstanding for the periods presented are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss from continuing operations	$ (916,664)	$ (2,406,059)	$ (2,677,475)	$ (4,563,242)
Add/(Less): deemed dividend on warrant exchange agreement	-	-	(44,619)	-
Less: deemed dividends on series B preferred stock	-	(48,633)	-	(48,633)
Less: dividends on series B preferred stock	-	(699)	-	(1,648)
Net loss from continuing operations available to common stockholders	(916,664)	(2,455,391)	(2,722,094)	(4,613,523)
Net income (loss) from discontinued operations, net of tax, available to common stockholders	453,705	(1,035,099)	14,564,872	(1,701,662)
Net income (loss) available to common stockholders	$ (462,959)	$ (3,490,490)	$ 11,842,778	$ (6,315,185)
Basic weighted-average shares for continuing and discontinued operations	3,392,504	2,813,900	3,250,306	2,813,900
Diluted weighted average shares for discontinued operations	4,121,297	2,813,900	3,979,099	2,813,900
Basic:				
Net (loss) from continuing operations per share	$ (0.27)	$ (0.87)	$ (0.84)	$ (1.64)
Net income (loss) from discontinued operations per share	0.13	(0.37)	4.48	(0.60)
Net income (loss) per share	$ (0.14)	$ (1.24)	$ 3.64	$ (2.24)
Fully Diluted:				
Net (loss) from continuing operations per share	$ (0.27)	$ (0.87)	$ (0.84)	$ (1.64)
Net income (loss) from discontinued operations per share	0.11	(0.37)	3.66	(0.60)
Net income (loss) per share	$ (0.16)	$ (1.24)	$ 2.82	$ (2.24)

Note 16 – **Related Party Transactions**

The Company uses Brown & Brown ("Brown"), which acquired Hays Companies, as an insurance broker. Brown is considered a related party as an executive of Brown previously served on the Board of Directors of SharpLink Israel. The Company paid $203,765 and $486,111 for the six months ended June 30, 2024 and 2023, respectively, for insurance coverage brokered by Brown. SharpLink Israel's former director earned no commissions for the placement of these policies.

The Company leased office space in Canton, Connecticut from CJEM, LLC (CJEM), which is owned by a former executive of the Company. The Company paid rent expense of $3,200 and $19,200 for the six months ended June 30, 2024 and 2023, respectively. For the three month period June 30, 2024 and 2023, the Company paid rent expense of $0 and $9,600, respectively,

Note 17 – **Subsequent Events**

On July 11, 2024, SharpLink received a letter from Nasdaq Listing Qualifications indicating that the Company is no longer in compliance with the minimum bid price requirement for continued listing set forth in Listing Rule 5550(a)(2), which requires listed securities to maintain a minimum bid price of $1.00 per share. The rules also provide SharpLink a compliance period of 180 calendar days to regain compliance. According to the Letter, the Company has until January 7, 2025 to regain compliance with the minimum bid price requirement. SharpLink can regain compliance if at any time during this 180-day period, the closing bid price of its Common Stock is at least $1.00 for a minimum of ten consecutive business days, in which case SharpLink will be provided with written confirmation of compliance by Nasdaq and this matter will be closed. In the event that the Company fails to regain compliance after the initial 180-day period, SharpLink may then be eligible for additional time if it meets the continued listing requirements for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and will be required to provide written notice of its intention to cure the deficiency during the second compliance period equal to an additional 180 calendar days. If SharpLink cannot demonstrate compliance by the end of the second compliance period, Nasdaq will notify SharpLink that its Common Stock is subject to delisting. The Letter has no immediate effect on SharpLink's listing or the trading of its Common Stock, and during the grace period, as may be extended, the Company's Common Stock will continue to trade on The Nasdaq Capital Market under the symbol "SBET."

On July 18, 2024, SharpLink announced that its Board of Directors ("Board") has initiated a formal review process to evaluate strategic alternatives for the Company. The Board and management team are taking a measured approach to considering multiple proposals that have been received by the Company and other proposals it expects to receive. SharpLink has been exploring strategic alternatives that include, but are not limited to, a sale, merger, strategic business combination or other transaction. SharpLink has not set a deadline or definitive timetable for completion of the strategic alternatives review process and there can be no assurance that this process will result in the Company pursuing a transaction or any other strategic outcome.

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

The following discussion of SharpLink Gaming, Inc. and its wholly owned subsidiaries (collectively, "SharpLink Gaming," "SharpLink," "our Company," the "Company," "we," "our," and "us"), highlights the principal factors that have affected our financial condition and results of operations as well as our liquidity and capital resources for the periods described. This discussion should be read in conjunction with our condensed consolidated financial statements and the related notes included in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements included in our 2023 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission on March 29, 2024. As discussed in the section titled "Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements.

In this Quarterly Report on Form 10-Q, unless the context indicates otherwise, references to "SharpLink Gaming," "SharpLink," "SharpLink US," "our Company," "the Company," "we," "our," "ours" and "us" refer to SharpLink Gaming, Inc., a Delaware corporation, and its wholly owned subsidiaries. References to "SharpLink Israel" refer to SharpLink Gaming, Ltd., an Israel limited liability company, with which SharpLink US completed a domestication merger in February 2024.

Overview

Headquartered in Minneapolis, Minnesota, SharpLink Gaming is an online performance-based marketing company that leverages our unique fan activation solutions to generate and deliver high quality leads to our U.S. sportsbook and global casino gaming partners.

In December 2023, the Company discontinued investments into and operation of its C4 sports betting conversion technology ("C4") due to the lack of market acceptance. C4 centered on cost effectively monetizing our own proprietary audiences and our customers' audiences of U.S. fantasy sports and casual sports fans and casino gaming enthusiasts by converting them into loyal online sports and iGaming bettors.

SharpLink also previously owned and operated an enterprise telecom expense management business ("Enterprise TEM") acquired in July 2021 in connection with SharpLink's go-public merger with Mer Telemanagement Solutions Ltd. Beginning in 2022, we discontinued operations for this business unit and sought a buyer for the business. On December 31, 2022, we completed the sale of this business to Israel-based Entrypoint South Ltd.

Continuing Operations

In December 2021, SharpLink acquired certain assets of FourCubed, including FourCubed's online casino gaming-focused affiliate marketing network, known as PAS.net ("PAS"). For more than 18 years, PAS has focused on delivering quality traffic and player acquisitions, retention and conversions to regulated and global casino gaming operator partners worldwide. In fact, PAS won industry recognition as the European online gambling industry's Top Affiliate Manager, Top Affiliate Website and Top Affiliate Program for four consecutive years by both igambingbusiness.com and igamingaffiliate.com. The strategic acquisition of FourCubed brought SharpLink talent with proven experience in affiliate marketing services and recurring net gaming revenue ("NGR") contracts with many of the world's leading online casino gambling companies, including Party Poker, bwin, UNIBET, GG Poker, 888 poker, betfair, World Poker Tour and others.

As part of our strategy to expand our affiliate marketing services to the emerging American sports betting market, in November 2022, we began a systematic roll-out of our U.S.-focused performance-based marketing business with the launch of 15 state-specific, content-rich affiliate marketing websites. Our user-friendly, state-specific domains are designed to attract, acquire and drive local sports betting and casino traffic directly to our sportsbook and casino partners' which are licensed to operate in each respective state. As of January 2024, we are licensed to operate in 18 jurisdictions and own and operate sites serving 17 U.S. states (Arizona, Colorado, Iowa, Illinois, Indiana, Kansas, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and Wyoming). As more states legalize sports betting, our portfolio of state-specific affiliate marketing properties may expand to include them. We largely utilize search engine optimization and programmatic advertising campaigns to drive traffic to our direct-to-player ("D2P") sites.

In the first quarter of 2023, we unveiled SharpBetting.com, a U.S. sports betting education hub for experienced and novice sports fans. SharpBetting.com is a robust educational website dedicated to teaching new sports betting enthusiasts the fundamentals of, and winning strategies for, navigating the legal sports betting landscape responsibly.

Today, our vision is to power a targeted and personalized online sports betting and casino gaming environment that organically introduces fans to our operator partners through relevant tools and rich content – all in a safe, credible and responsible environment.

During the three months ended June 30, 2024 , we realigned our organizational structure and resources to more closely align with our strategic priorities. As a result of the change in our organizational structure, we have one reportable segment, consisting of Affiliate Marketing, for the purpose of making operational and resource decisions and assessing financial performance.

During the three and six months ended June 30, 2024 and 2023, our continuing operations generated revenues of $981,272 and $1,343,526, respectively, for the three months ended and $1,957,218and $2,576,287respectively, for the six months ended representing a -27.0% decrease on a comparative quarter over quarter basis and a 24.0% decrease on a comparative year-over-year basis.

Sale of Legacy MTS Business

On December 31, 2022, SharpLink Israel closed on the sale of its legacy MTS business (“Legacy MTS”) to Israel-based Entrypoint South Ltd., a subsidiary of Entrypoint Systems 2004 Ltd. In consideration of Entrypoint South Ltd. acquiring all rights, title, interests and benefits to Legacy MTS, including 100% of the shares of MTS Integratrak Inc., one of the Company’s U.S. subsidiaries, Entrypoint South Ltd. will pay SharpLink an earn-out payment (an “Earn-Out Payment”) equal to three times Legacy MTS’ Earnings Before Interest, Taxes Depreciation and Amortization (“EBITDA”) for the year ending December 31, 2023, up to a maximum earn-out payment of $1 million (adjusted to reflect net working capital as of the closing date). Within ten (10) calendar days of the approval by the board of directors of the Buyer of the audited annual financial statements of the business as at December 31, 2023, and for the 12-month period ending on such date (as applicable, the “Earn-Out Schedule Delivery Date”), which shall occur no later than May 31, 2024, Buyer shall deliver to the Seller a schedule certified by its Chief Executive Officer and Chief Financial Officer (an “Earn-Out Schedule”) setting forth the computation of the Earn-Out Payment (as applicable), if any, together with the calculation thereof in an agreed Excel table format (including, but not limiting to all relevant details of the EBITDA calculations for the year 2023). During the 2nd quarter ended June 30, 2024, the Company was notified that amount was $297,387. Payment was received by the Company in July 2024. No further payment is expected.

Discontinued Operations

SharpLink’s business-building platform previously included the provision of Free-To-Play (“F2P”) sports game and mobile app development services to a marquis list of customers, which included several of the biggest names in sports and sports betting, including Turner Sports, NBA, NFL, PGA TOUR, NASCAR and BetMGM, among others. In addition, we previously owned and operated a variety of proprietary real-money fantasy sports and sports simulation games and mobile apps through our SportsHub/fantasy sports business unit, which also owned and operated LeagueSafe, one of the fantasy sports industry’s most trusted sources for collecting and protecting private fantasy league dues.

On January 18, 2024, SharpLink sold all of the issued and outstanding shares of common stock or membership interests, as applicable, in our Sports Gaming Client Services and SportsHub Gaming Network business units to RSports Interactive, Inc. (“RSports”) for $22.5 million in an all-cash transaction, pursuant to the signing of a purchase agreement and other related agreements. Nearly all of the employees of these acquired business units moved to RSports to help ensure a seamless transition.

The historical results of our Sports Gaming Client Services and SportsHub Gaming Network businesses have been reflected as discontinued operations in our condensed consolidated financial statements for all periods prior to the Sale of Business.

Nasdaq Notice

On May 23, 2023, SharpLink received a notice (the “Notice”) from the Listing Qualifications Department of The Nasdaq Stock Market (“Nasdaq”) stating that SharpLink did not comply with the equity standard for continued listing on The Nasdaq Capital Market. Nasdaq Listing Rule 5550(b)(1) (the “Rule”) requires listed companies to maintain stockholders’ equity of at least $2.5 million under the net equity standard. As of the SharpLink Quarterly Report on Form 10-Q for the three and nine-month periods ended September 30, 2023, SharpLink reported total stockholders’ deficit of $4,463,917. SharpLink did not meet the alternative standards for market value of listed securities or net income from continuing operations, thus SharpLink was not in compliance with Nasdaq’s Listing Rule.

As reported on a Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on December 12, 2023, SharpLink submitted a hearing request with the Nasdaq Hearings Panel (the “Panel”) on November 28, 2023, relating to the Staff’s determination to delist the Company’s securities from Nasdaq due to the Company’s failure to meet the minimum $2.5 million shareholders’ equity requirement for continued listing as defined by the Rule. On November 28, 2023, the Company was notified by Nasdaq that an oral hearing (the “Hearing”) had been scheduled for February 20, 2024; and, the delisting action referenced in the Staff’s determination letter, dated November 21, 2023, had been stayed, pending a final determination by the Panel.

On January 25, 2024, SharpLink filed a Current Report on Form 8-K with the SEC, disclosing details of the sale of its Sports Gaming Client Services and SportsHub Gaming Network business units to RSports Interactive, Inc. for $22.5 million in an all-cash transaction. As a result, the Company’s total stockholders’ equity exceeded $2.5 million as of the date of the above referenced Form 8-K filing and the Company believed that it had regained compliance with all applicable continued listing requirements and had requested that the Staff determine whether the Hearing should be cancelled.

Table of Contents

On February 7, 2024, SharpLink received formal notification from Nasdaq that the Company's previously announced deficiency under the Rule had been cured, and the Company had regained compliance with all applicable continued listing standards. Therefore, the Hearing before the Nasdaq Hearings Panel, originally scheduled for February 20, 2024, was cancelled. SharpLink's Common Stock continues to be listed and traded on Nasdaq.

On July 11, 2024, SharpLink received a notice (the "Notice") from Nasdaq Listing Qualifications indicating that the Company is no longer in compliance with the minimum bid price requirement for continued listing set forth in Listing Rule 5550(a)(2), which requires listed securities to maintain a minimum bid price of $1.00 per share. The rules also provide SharpLink a compliance period of 180 calendar days to regain compliance. According to the Notice, the Company has until January 7, 2025 to regain compliance with the minimum bid price requirement. SharpLink can regain compliance if at any time during this 180-day period, the closing bid price of its Common Stock is at least $1.00 for a minimum of ten consecutive business days, in which case SharpLink will be provided with written confirmation of compliance by Nasdaq and this matter will be closed. In the event that the Company fails to regain compliance after the initial 180-day period, SharpLink may then be eligible for additional time if it meets the continued listing requirements for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and will be required to provide written notice of its intention to cure the deficiency during the second compliance period equal to an additional 180 calendar days. If SharpLink cannot demonstrate compliance by the end of the second compliance period, Nasdaq will notify SharpLink that its Common Stock is subject to delisting. The Notice has no immediate effect on SharpLink's listing or the trading of its Common Stock, and during the grace period, as may be extended, the Company's Common Stock will continue to trade on The Nasdaq Capital Market under the symbol "SBET."

Redomestication from Israel to Delaware

On February 13, 2024, SharpLink Israel completed its previously announced domestication merger ("Domestication Merger"), pursuant to the terms and conditions set forth in an Agreement and Plan of Merger (the "Domestication Merger Agreement"), dated June 14, 2023 and amended July 24, 2023, among SharpLink Israel, SharpLink Merger Sub Ltd., an Israeli company and a wholly owned subsidiary of SharpLink US ("Domestication Merger Sub") and SharpLink Gaming, Inc. ("SharpLink US"). The Domestication Merger was achieved through a merger of Domestication Merger Sub with and into SharpLink Israel, with SharpLink Israel surviving the merger and becoming a wholly owned subsidiary of SharpLink US. The Domestication Merger was approved by the shareholders of SharpLink Israel at an extraordinary special meeting of shareholders held on December 6, 2023. SharpLink US's Common Stock commenced trading on the Nasdaq Capital Market under the same ticker symbol, SBET, on February 14, 2024.

At-The-Market ("ATM") Offering

On May 1, 2024, Company entered into an ATM Sales Agreement (the "ATM Sales Agreement") with A.G.P./Alliance Global Partners (the "Agent") pursuant to which the Company may offer and sell, from time to time, through the Agent, as sales agent and/or principal, shares of its common stock, par value $0.0001 per share (the "Common Stock"), having an aggregate offering price of up to $1,676,366, subject to certain limitations on the amount of Common Stock that may be offered and sold by the Company set forth in the ATM Sales Agreement (the "Offering"). The Company is not obligated to make any sales of Shares under the ATM Sales Agreement and any determination by the Company to do so will be dependent, among other things, on market conditions and the Company's capital raising needs. As of August 14, 2024, SharpLink has raised gross proceeds of $71,343 from sales of Shares under the ATM Sales Agreement.

Exchange Agreement with Alpha Capital Anstalt

As previously reported on a Current Report on Form 8-K, dated February 16, 2023, on February 15, 2023, SharpLink issued a warrant to Alpha Capital Anstalt ("Alpha") to purchase 880,000 common shares (as adjusted for the 1-for-10 -reverse stock split) of the Company (the "2023 Warrant"). The 2023 Warrant provided that in the event of a fundamental transaction, which included a sale of substantially all of the Company's assets, at Alpha's option, the Company would repurchase the 2023 Warrant from Alpha on the terms set forth in Section 3(e)(ii) of the 2023 Warrant (the "Warrant Repurchase"). On January 18, 2024, SharpLink sold substantially all of its assets as was disclosed in a Current Report on Form 8-K, filed on January 24, 2024 (the "Asset Sale").

On January 19, 2024, SharpLink and Alpha entered into a settlement agreement (the "Settlement Agreement") whereby Alpha agreed to waive (i) the event of default under Section 3(e)(ii) of the 2023 Warrant in connection with the Asset Sale. Pursuant to Section 5(1) of the 2023 Warrant, Alpha agreed to waive its right to the Warrant Repurchase at the time of the Asset Sale. The Settlement Agreement provides that the Warrant Repurchase for its Black Scholes value would take place upon the earlier of (a) June 30, 2024; (b) the Company raising a gross amount of not less than $3,000,000 whether by equity or debt; and (c) the Company entering into a "fundamental transaction" as defined in the 2023 Warrant. The Parties fixed the Black Scholes value of the 2023 Warrant for purposes of the Warrant Repurchase at $900,000.

On March 6, 2024, SharpLink entered into an Exchange Agreement (the "Exchange Agreement") with Alpha. Pursuant to the terms and conditions set forth in the Exchange Agreement, the Company agreed to exchange the 2023 Warrant for (i) 156,207 shares of Common Stock (the "Shares"), (ii) a pre-funded warrant in the amount of 469,560 shares of Common Stock (the "Pre-Funded Warrant") and (iii) the unexchanged balance of the 2023 Warrant Repurchase (the "Warrant Repurchase Balance"). The Warrant Repurchase Balance is valued at $260,111 and shall be subject to the repurchase terms set forth in the Settlement Agreement.

Effective June 30, 2024, SharpLink and Alpha entered into an Exchange Agreement No. 2 (the "Exchange Agreement No. 2"), but made effective as of June 30, 2024, whereby Alpha exchanged the Warrant Repurchase Balance for (i) a new warrant to purchase 254,233 shares of SharpLink's common stock with a strike price of $0.001 (the "New Warrant"); and (ii) the termination of the Warrant Repurchase Balance including the repurchase obligations set forth thereunder.

Results of Operations

The following table provides certain selected financial information for the periods presented:

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	Change	% Change	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023	Change	% Change
Revenues	$ 981,272	$ 1,343,526	$ (362,254)	-27.0%	$ 1,957,218	$ 2,576,287	$ (619,069)	-24.0%
Cost of Revenues	701,142	942,204	(241,062)	-25.6%	1,389,876	1,784,886	(395,010)	-22.1%
Gross profit	280,130	401,322	(121,192)	-30.2%	567,342	791,401	(224,059)	-28.3%
Gross profit percentage	*28.5%*	*29.9%*			*29.0%*	*30.7%*		
Total operating expenses	1,484,680	2,136,936	(652,256)	-30.5%	3,456,755	4,182,270	(725,515)	-17.3%
Operating loss	(1,204,550)	(1,735,614)	531,064	-30.6%	(2,889,413)	(3,390,869)	501,456	-14.8%
Total other income (expenses)	330,990	(664,374)	995,364	-149.8%	260,716	(1,137,660)	1,398,376	-122.9%
Net income (loss) before income taxes	(873,560)	(2,399,988)	1,526,428	-63.6%	(2,628,697)	(4,528,529)	1,899,832	-42.0%
Provision for income taxes	(43,104)	(6,071)	(37,033)	610.0%	(48,778)	(34,713)	(14,065)	40.5%
Net income (loss) from continuing operations	(916,664)	(2,406,059)	1,489,395	-61.9%	(2,677,475)	(4,563,242)	1,885,767	-41.3%

Net income (loss) from discontinued ops, net of tax	453,705	(1,035,099)	1,488,804	-143.8%	14,564,872	(1,701,662)	16,266,534	-955.9%
Net income (loss)	$ (462,959)	$ (3,441,158)	$ 2,978,199	-86.5%	$ 11,887,397	$ (6,264,904)	$ 18,152,301	-289.7%

For the Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

For the three months ended June 30, 2024, revenues declined 27.0% to $981,272 compared to $1,343,526 reported for the same three-month period in the prior year. The decrease is largely due to the market conditions softening and the loss of customers.

Gross Profit

For the three months ended June 30, 2024, gross profit totaled $280,130, reflecting a 30.2% decrease from a gross profit of $401,322 for the three months ended June 30, 2023. Our gross profit margin modestly declined to 28.5% %from 29.9% for the three months ended June 30, 2024 and 2023, respectively.

Total Operating Expenses

For the three months ended June 30, 2024, total operating expenses decreased 30.5% to $1,484,680 from $2,136,936 reported for the same three-month period in the prior year. The decrease was primarily due to higher payroll, online marketing, editorial and travel related costs in the second quarter of 2023 associated with the Company's second quarter 2023 primarily related to the expansion initiatives relating to our Affiliate Marketing Services. Further, total business insurance costs were higher in the 2nd quarter of 2023.

Net Income (Loss) from Continuing Operations

Largely attributable to the Company's concerted effort to lower payroll and other costs, net loss from continuing operations decreased -61.9% to $(916,664) for the three months ended June 30, 2024, compared to a net loss from continuing operations of $(2,406,059)reported for the same three months in 2023.

Net Income (Loss) from Discontinued Operations, Net of Tax

For the three months ended June 30, 2024, net loss from discontinued operations, net of tax decreased 143.8% to $453,705, which compared to a net loss from discontinued operations, net of tax of $(1,035,099) for the three months ended June 30, 2023. The decrease in net loss is due to the gain on the wind down of certain MTS business operations.

Net Income (Loss)

As a result of the aforementioned reasons, net loss for the three months ended June 30, 2024 totaled $(462,959), which was an 86.5% improvement from a net loss of $(3,441,158) reported for three months ended June 30, 2023.

For the Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023

For the six months ended June 30, 2024, revenues declined 24.0% to $1,957,218 compared to $2,576,287 reported for the same six-month period in the prior year. The decrease is largely due to the market conditions softening and the loss of customers.

Gross Profit

For the six months ended June 30, 2024, gross profit totaled $567,342, reflecting a 28.3% decrease from a gross profit of $791,401 for the six months ended June 30, 2023. Our gross profit margin slightly decreased to 29.0% from 30.7% for the six months ended June 30, 2024 and 2023, respectively.

Total Operating Expenses

For the six months ended June 30, 2024, total operating expenses decreased 17.3% to $3,456,755 from $4,182,270 reported for the same six-month period in the prior year. The decrease was primarily due to primarily due to higher business insurance costs and higher payroll, online marketing, editorial and travel related costs in the first half of 2023 associated with the Company's expansion initiatives of our Affiliate Marketing Services.

Net Income (Loss) from Continuing Operations

Largely attributable to the Company's concerted effort to lower payroll and other costs, net loss from continuing operations decreased 41.3% to $(2,677,475) for the six months ended June 30, 2024, compared to a net loss from continuing operations of $(4,563,242) reported for the same six months in 2023.

Net Income (Loss) from Discontinued Operations, Net of Tax

For the six months ended June 30, 2024, net income from discontinued operations, net of tax increased 955.9% to $14,564,872, which compared to a net loss from discontinued operations, net of tax of $(1,701,662) for the six months ended June 30, 2023. The increase is due to the gain on the sale of SHGN and Sports Gaming Client Services in January 2024 for $22.5 million.

Net Income (Loss)

As a result of the aforementioned reasons, net income for the six months ended June 30, 2024 totaled $11,887,397, which was a 289.7% improvement from a net loss of $(6,264,904) reported for six months ended June 30, 2023.

Cash Flows

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

As of June 30, 2024, cash on hand was $2,435,600, a -2.1%decrease when compared to cash on hand of $2,487,481 as of December 31, 2023.

For the six months ended June 30, 2024, net cash used in operating activities from continuing operations totaled $(3,952,960) compared to net cash used for operating activities from continuing operations of $(2,832,754) in the prior year. Net cash used in operating activities from discontinued operations was $(17,002,007), which compared to net cash used in operating activities of $(9,211,756) from discontinued operations for the same six-month period in 2023. Overall, net cash used for operating activities was $(20,954,967) and $(12,044,510)for the six months ended June 30, 2024 and 2023, respectively. The change in the operating cashflows was largely attributable to the gain on the sales of assets in connection with the Sale of the Company's SHGN and Sports Gaming Client Services businesses in January 2024, 2024 six-month reporting period as compared to the six months ended June 30, 2023.

For the six months ended June 30, 2024, net cash used in the Company's investing activities from continuing operations totaled $148,281, a decrease of 218.5% when compared to cash used for investing activities from continuing operations of $(125,138) for the same six-month period in 2023. For the six months ended June 30, 2024 and 2023, net cash used for investing activities from discontinued operations was $(18,857,834) and $(343,206), respectively. The increase in cash used in investing activities is due to cash received from the sale of business of $22,500,000, net of the cash transferred of $41,357,834. The majority of the cash transferred of $41,357,834 was reflected in discontinued operations customer deposits liability and deferred revenue of $36,959,573 and $4,888,704, respectively.

For the six months ended June 30, 2024, net cash used for financing from continuing operations was $(12,337,694), a 434.8% decrease when compared to net cash provided by financing activities from continuing operations for the same six-month period in 2023. For the six months ended June 30, 2024 net cash used in financing activities from discontinued operations was $5,835,352 compared to net cash provided by financing activities of $3,685,400 for the six months ended June 30, 2023. The comparable decline was largely due to the issuance of a $4,000,000 convertible debenture to an institutional investor and proceeds from a line of credit secured from our commercial lender in February 2023, offset primarily by repayments of $19,205,606 in debt in the first quarter of 2024, including the repayment of the convertible debenture for $4,395,753.

Liquidity and Capital Resources

As of June 30, 2024, we had working capital of $2,739,096. For the three and six months ended June 30, 2024, we had a net loss from continuing operations of $(916,664) and $(2,677,475), respectively, compared to a net loss from continuing operations of $(2,406,059) and $(4,563,242), respectively, reported for the same three and six months in 2023.

SharpLink Israel completed the Sale of our Sports Gaming Client Services and SHGN business units for $22.5 million in an all-cash transaction in January 2024. In connection with the closing of the Sale of Business, SharpLink repaid in full all outstanding term loans and lines of credit with Platinum Bank, together with accrued but unpaid interest and all other amounts due in connection with such repayment under existing credit agreements, totaling an aggregate $14,836,625, and thereby terminating all existing credit facilities with Platinum Bank and discharging the debt on the Company's balance sheet. In addition, we redeemed the outstanding convertible debenture issued to Alpha for 110% of the outstanding balance, plus accrued and unpaid interest, for or $4,484,230, thereby satisfying all obligations under the debenture and discharging the debt on the balance sheet.

On May 1, 2024, Company entered into an ATM Sales Agreement (the “ATM Sales Agreement”) with A.G.P./Alliance Global Partners (the “Agent”) pursuant to which the Company may offer and sell, from time to time, through the Agent, as sales agent and/or principal, shares of its common stock, par value $0.0001 per share (the “Common Stock”), having an aggregate offering price of up to $1,676,366 (“Shares”), subject to certain limitations on the amount of Common Stock that may be offered and sold by the Company set forth in the ATM Sales Agreement (the “Offering”). The Company is not obligated to make any sales of Shares under the ATM Sales Agreement and any determination by the Company to do so will be dependent, among other things, on market conditions and the Company’s capital raising needs.

In addition to the ATM Sales Agreement, we may need to raise additional capital to fund the Company’s growth and future business operations. We cannot be certain that additional funding will be available on acceptable terms or at all. If we are not able to secure additional funding when needed to support our business growth and to respond to business challenges, develop new technology and services or enhance our existing offering, track and comply with applicable laws and regulations, improve our operating infrastructure, enhance our information security systems to combat changing cyber threats and expand personnel to support our business, we may have to delay or reduce the scope of planned strategic growth initiatives. Moreover, any additional equity financing that we obtain may dilute the ownership held by our existing shareholders. The economic dilution to our shareholders will be significant if our stock price does not materially increase, or if the effective price of any sale is below the price paid by a particular shareholder. Any debt financing could involve substantial restrictions on activities and creditors could seek additional pledges of some or all of our assets. If we fail to obtain additional funding as needed, we may be forced to cease or scale back operations, and our results, financial conditions and stock price would be adversely affected. As such, these factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period.

Off-Balance Sheet Arrangements

On June 30, 2024, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources. Since our inception, except for standard operating leases accounted for prior to January 1, 2022, we have not engaged in any off-balance sheet arrangements, including the use of structured finance, special purpose entities or variable interest entities. We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Inflation

Our opinion is that inflation did not have a material effect on our operations for the six months ended June 30, 2024.

Climate Change

Our opinion is that neither climate change, nor governmental regulations related to climate change, have had, or are expected to have, any material effect on our operations.

New Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued Accounting Standards Update 2023-07 – Segment Reporting (Topic ASC 280) Improvements to Reportable Segment Disclosures. This Accounting Standards Update improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The enhancements under this update require disclosure of significant segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of segment profit or loss, require disclosure of *other segment items* by reportable segment and a description of the composition of *other segment items*, require annual disclosures under Topic ASC 280 to be provided in interim periods, clarify use of more than one measure of segment profit or loss by the CODM, require that the title of the CODM be disclosed with an explanation of how the CODM uses the reported measures of segment profit or loss to make decisions, and require that entities with a single reportable segment provide all disclosures required by this update and required under Topic ASC 280. ASU 2023-07 is effective for public business entities for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company anticipates the adoption of ASC 280 will not have a material impact on its condensed consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update 2023-09 – Income Taxes (Topic ASC 740) Income Taxes. This Accounting Standards Update improves the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The amendments in ASU 2023-09 will become effective at the beginning of our 2025 fiscal year. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. We do not expect that this guidance will have a material impact upon our financial position and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure and Control Procedures

The Company’s Chief Executive Officer and the Company’s Chief Financial Officer evaluated the effectiveness of the Company’s disclosure controls and procedures as of June 30, 2024 and concluded that the Company’s disclosure controls and procedures are effective. The term disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is accumulated, recorded, processed, summarized and communicated to the Company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure to be reported within the time periods specified in the SEC’s rules and forms.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(t) and 15d-15(f) under the Exchange Act, during the six months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal executive officer
31.2	Rule 13(a)-14(a)/15(d)-14(a) Certification of principal financial officer
32.1	Section 1350 Certification of principal executive officer
32.2	Section 1350 Certification of principal financial officer and principal accounting officer
101.INS	Inline XBRL INSTANCE DOCUMENT
101.SCH	Inline XBRL TAXONOMY EXTENSION SCHEMA
101.CAL	Inline XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF	Inline XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
101.LAB	Inline XBRL TAXONOMY EXTENSION LABEL LINKBASE
101.PRE	Inline XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

SharpLink Gaming, Inc.

Dated: August 14, 2024

By: */s/ Rob Phythian*
Rob Phythian
Chief Executive Officer

Dated: August 14 2024

By: */s/ Robert DeLucia*
Robert DeLucia
Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Rob Phythian, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the six months ended June 30, 2024 of SharpLink Gaming, Inc. (the "registrant");

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 officers 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: August 14, 2024

/s/ Rob Phythian
Rob Phythian
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Robert DeLucia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the six months ended June 30, 2024 of SharpLink Gaming, Inc. (the “registrant”);

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 officers 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 fourth fiscal quarter 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: August 14, 2024

/s/ Robert DeLucia
Robert DeLucia
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of SharpLink Gaming, Inc. (the “Company”) on Form 10-Q for the sixmonths ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rob Phythian, Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2024

/s Rob Phythian
Rob Phythian
Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of SharpLink Gaming, Inc. (the “Company”) on Form 10-Q for the sixmonths ended June30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert DeLucia, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2024

/s/ Robert DeLucia
Robert DeLucia
Chief Financial Officer (Principal Financial Officer)