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: March 31, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____________ to _____________

Commission File No. 001-39256

RESEARCH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**11-3797644**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Address not applicable [1]	**N/A**
(Address of principal executive offices)	(Zip Code)

(310) 477-0354
(Registrant's telephone number, including area code)

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

Title of each Class	Trading Symbol(s)	Name of each Exchange on which registered
Common stock, $0.001 par value	RSSS	The Nasdaq Stock Market LLC

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 þ 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 þ No ☐

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Title of Class	Number of Shares Outstanding on May 3, 2024
Common Stock, $0.001 par value	32,282,039

[1] In November 2019, we became a fully remote company. Accordingly, we do not currently have principal executive offices.

TABLE OF CONTENTS

PART 1 — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	March 31, 2024 (unaudited)	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 4,221,424	$ 13,545,333
Accounts receivable, net of allowance of $ 103,319 and $ 85,015 , respectively	7,323,379	6,153,063
Prepaid expenses and other current assets	635,000	400,340
Prepaid royalties	1,004,790	1,202,678
Total current assets	13,184,593	21,301,414
Non-current assets:		
Property and equipment, net of accumulated depreciation of $ 920,918 and $ 881,908 , respectively	94,078	70,193
Intangible assets, net of accumulated amortization of $ 1,237,311 and $ 747,355 , respectively ($ 10,527,713 provisional)	11,029,679	462,068
Goodwill (provisional)	16,493,763	—
Deposits and other assets	1,086	1,052
Total assets	$ 40,803,199	$ 21,834,727
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 9,011,868	$ 8,079,516
Deferred revenue	8,870,316	6,424,724
Total current liabilities	17,882,184	14,504,240
Non-current liabilities:		
Contingent earnout liability	8,792,756	—
Total liabilities	26,674,940	14,504,240
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $ 0.001 par value; 20,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock; $ 0.001 par value; 100,000,000 shares authorized; 32,281,424 and 29,487,508 shares issued and outstanding, respectively	32,281	29,487
Additional paid-in capital	37,695,960	29,941,873
Accumulated deficit	(23,488,019)	(22,522,649)
Accumulated other comprehensive loss	(111,963)	(118,224)
Total stockholders' equity	14,128,259	7,330,487
Total liabilities and stockholders' equity	$ 40,803,199	$ 21,834,727

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenue:				
Platforms	$ 3,953,403	$ 2,249,632	$ 9,679,179	$ 6,379,871
Transactions	8,162,269	8,092,794	22,811,206	21,363,864
Total revenue	12,115,672	10,342,426	32,490,385	27,743,735
Cost of revenue:				
Platforms	571,352	268,630	1,440,151	752,176
Transactions	6,062,388	6,046,523	17,052,934	16,211,211
Total cost of revenue	6,633,740	6,315,153	18,493,085	16,963,387
Gross profit	5,481,932	4,027,273	13,997,300	10,780,348
Operating expenses:				
Selling, general and administrative	5,084,371	3,875,802	14,903,319	10,766,537
Depreciation and amortization	309,898	18,332	525,267	30,486
Total operating expenses	5,394,269	3,894,134	15,428,586	10,797,023
Income (loss) from operations	87,663	133,139	(1,431,286)	(16,675)
Other income	31,228	104,331	547,965	218,095
Income (loss) from operations before provision for income taxes	118,891	237,470	(883,321)	201,420
Provision for income taxes	(42,590)	(628)	(82,049)	(5,543)
Net income (loss)	76,301	236,842	(965,370)	195,877
Other comprehensive income (loss):				
Foreign currency translation	858	(4,149)	6,261	(2,801)
Comprehensive income (loss)	$ 77,159	$ 232,693	$ (959,109)	$ 193,076
Basic income (loss) per common share:				
Net income (loss) per share	$ -	$ 0.01	$ (0.03)	$ 0.01
Weighted average common shares outstanding	30,020,652	26,929,314	28,377,199	26,820,557
Diluted income (loss) per common share:				
Net income (loss) per share	$ -	$ 0.01	$ (0.03)	$ 0.01
Weighted average common shares outstanding	33,511,242	29,791,719	28,377,199	28,837,774

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three and Nine Months Ended March 31, 2024
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
Balance, December 31, 2023	32,619,598	$ 32,620	$37,607,895	$(23,564,320)	$ (112,821)	$ 13,963,374
Fair value of vested stock options	—	—	42,788	—	—	42,788
Fair value of vested restricted common stock	—	—	498,214	—	—	498,214
Forfeited restricted common stock	(200,000)	(200)	200	—	—	—
Repurchase of common stock	(159,044)	(159)	(453,117)	—	—	(453,276)
Common stock issued upon exercise of stock options	20,870	20	(20)	—	—	—
Net income for the period	—	—	—	76,301	—	76,301
Foreign currency translation	—	—	—	—	858	858
Balance, March 31, 2024	32,281,424	$ 32,281	$37,695,960	$(23,488,019)	$ (111,963)	$ 14,128,259
Balance, July 1, 2023	29,487,508	$ 29,487	$29,941,873	$(22,522,649)	$ (118,224)	$ 7,330,487
Fair value of vested stock options	—	—	104,502	—	—	104,502
Fair value of vested restricted common stock	380,000	380	1,603,440	—	—	1,603,820
Forfeited restricted common stock	(200,000)	(200)	200	—	—	—
Repurchase of common stock	(186,148)	(186)	(521,838)	—	—	(522,024)
Common stock issued upon exercise of stock options	71,050	71	(71)	—	—	—
Common stock issued for acquisition of Scite	2,729,014	2,729	6,546,905	—	—	6,549,634
Modification cost of accelerated vesting of restricted common stock	—	—	20,949	—	—	20,949
Net loss for the period	—	—	—	(965,370)	—	(965,370)
Foreign currency translation	—	—	—	—	6,261	6,261
Balance, March 31, 2024	32,281,424	$ 32,281	$37,695,960	$(23,488,019)	$ (111,963)	$ 14,128,259

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the Three and Nine Months Ended March 31, 2023
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Loss	Equity
Balance, December 31, 2022	29,154,737	$ 29,155	$28,874,383	$(23,135,237)	$ (120,593)	$ 5,647,708
Fair value of vested stock options	—	—	37,236	—	—	37,236
Fair value of vested restricted common stock	332,500	333	442,890	—	—	443,223
Forfeited restricted common stock	(65,165)	(65)	65	—	—	—
Repurchase of common stock	(12,785)	(13)	(25,814)	—	—	(25,827)
Common stock issued upon exercise of stock options	91,477	91	57,409	—	—	57,500
Net income for the period	—	—	—	236,842	—	236,842
Foreign currency translation	—	—	—	—	(4,149)	(4,149)
Balance, March 31, 2023	29,500,764	$ 29,501	$29,386,169	$(22,898,395)	$ (124,742)	$ 6,392,533
Balance, July 1, 2022	27,075,648	$ 27,076	$28,072,855	$(23,094,272)	$ (121,941)	$ 4,883,718
Fair value of vested stock options	—	—	338,973	—	—	338,973
Fair value of vested restricted common stock	2,354,834	2,355	923,195	—	—	925,550
Forfeited restricted common stock	(65,165)	(65)	65	—	—	—
Fair value of vested unrestricted common stock	36,509	36	68,236	—	—	68,272
Repurchase of common stock	(38,585)	(38)	(74,518)	—	—	(74,556)
Common stock issued upon exercise of stock options	137,523	137	57,363	—	—	57,500
Net income for the period	—	—	—	195,877	—	195,877
Foreign currency translation	—	—	—	—	(2,801)	(2,801)
Balance, March 31, 2023	29,500,764	$ 29,501	$29,386,169	$(22,898,395)	$ (124,742)	$ 6,392,533

See notes to condensed consolidated financial statements

Research Solutions, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31,	
	2024	**2023**
Cash flow from operating activities:		
Net income (loss)	$ (965,370)	$ 195,877
Adjustment to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	525,267	30,486
Fair value of vested stock options	104,502	338,973
Fair value of vested restricted common stock	1,603,820	925,550
Fair value of vested unrestricted common stock	—	68,272
Modification cost of accelerated vesting of restricted common stock	20,949	—
Adjustment to contingent earnout liability	(268,287)	—
Changes in operating assets and liabilities:		
Accounts receivable	(739,883)	(1,545,695)
Prepaid expenses and other current assets	(156,026)	(122,700)
Prepaid royalties	197,888	47,760
Accounts payable and accrued expenses	498,584	947,789
Deferred revenue	768,347	986,044
Net cash provided by operating activities	1,589,791	1,872,356
Cash flow from investing activities:		
Purchase of property and equipment	(57,761)	(29,976)
Payment for acquisition of Resolute, net of cash acquired	(2,718,253)	—
Payment for acquisition of Scite, net of cash acquired	(7,305,493)	—
Payment for non-refundable deposit for asset acquisition	—	(297,450)
Net cash used in investing activities	(10,081,507)	(327,426)
Cash flow from financing activities:		
Proceeds from the exercise of stock options	—	57,500
Common stock repurchase	(522,024)	(74,556)
Payment of contingent acquisition consideration	(314,960)	—
Net cash used in financing activities	(836,984)	(17,056)
Effect of exchange rate changes	4,791	1,850
Net increase (decrease) in cash and cash equivalents	(9,323,909)	1,529,724
Cash and cash equivalents, beginning of period	13,545,333	10,603,175
Cash and cash equivalents, end of period	$ 4,221,424	$ 12,132,899
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	$ 82,049	$ 5,543
Non-cash investing and financing activities:		
Contingent consideration accrual on asset acquisition	$ 36,130	$ 144,384

See notes to condensed consolidated financial statements

RESEARCH SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended March 31, 2024 and 2023 (Unaudited)

Note 1. Organization, Nature of Business and Basis of Presentation

Organization

Research Solutions, Inc. (the "Company," "Research Solutions," "we," "us" or "our") was incorporated in the State of Nevada on November 2, 2006, and is a publicly traded holding company with five wholly owned subsidiaries: Reprints Desk, Inc., ("Reprints Desk") a Delaware corporation, including its wholly owned subsidiary Resolute Innovation, Inc., a Delaware corporation, Scite, LLC., a Delaware Limited Liability Company, Reprints Desk Latin America S. de R.L. de C.V, an entity organized under the laws of Mexico, and RESSOL LA, S. DE R.L. DE C.V., an entity organized under the laws of Mexico.

Nature of Business

We provide software and related services to help research intensive organizations save time and money. We offer various software platforms ("Platform" or "Platforms") that are typically sold to corporate, academic, government and individual researchers as cloud-based software-as-a-service ("SaaS") via auto-renewing license agreements. Corporate, academic, and government customers typically sign up under annual agreements. Individual researchers can sign up under an annual or a month-to-month agreement and are typically billed monthly. Our Platforms also facilitate the sale of published scientific, technical, and medical ("STM") content sold as individual articles ("Transactions") either stand alone or via one or more of the research Platform solutions we provide. When one or more of the Platform solutions are used to purchase Transactions, customers pay for those transactions through monthly billing or via credit card for individual researchers. Our Platforms enable life science and other research-intensive organizations to accelerate their research and development activities through our advanced discovery tools (i.e. search), tools to access and buy STM articles required to support their research (i.e. acquire), as well as tools that manage that content across the enterprise and on an individual basis (i.e. manage). The Platforms typically deliver an ROI to the customer by reducing the amount of time it takes a research organization to find, acquire and manage content, in addition to also driving down the ultimate cost per article over time.

Platforms

Our cloud-based SaaS Platforms consist of proprietary software and Internet-based interfaces sold to customers through an annual or monthly subscription fee. Legacy functionality falls into three areas.

Discover – These solutions facilitate search (discovery) across virtually all STM articles available. The solutions we offer include free (basic) search solutions and advanced search tools like the Resolute.ai and scite.ai products. These tools allow for searching and identifying relevant research and then purchasing that research through one of our other solutions. In addition, these tools increasingly enable users to find insights in other datasets adjacent to STM content, such as Clinical Trial, Patent, Life Science & MedTech Regulatory information, Competitor and Technology landscape insights in addition to searching the customer's internal datasets. The advanced search solutions are sold through a seat, enterprise, or individual license.

Acquire – Our Article Galaxy (AG) solution allows for research organizations to load their entitlements (subscriptions, discount or token packages, and their existing library of articles) and AG manages those entitlements in the background enabling the researchers to focus on acquiring articles they need quickly and efficiently at the lowest possible cost. When used in conjunction with our discovery Platforms, customers can initiate orders, route orders based on the lowest cost to acquire, obtain spend and usage reporting, automate authentication, and connect seamlessly to in-house and third-party software systems.

Manage – Our References solution allows users to access the article inside the Platform including setting up personal folders or team folders and allows researchers to markup and take notes on the articles in a supported browser on a desktop or tablet.

We use Artificial Intelligence ("AI") in several parts of the research workflow today and will continually add capability as we move forward. Today we offer an AI based recommendation engine in our Discover, Acquire, and Manage Platform solutions. We also offer an AI based "assistant" in some of our solutions to allow the researcher to ask questions about articles, groups of articles (folders), and more. We also have the capability to provide full text search on STM content in the scite.ai Platform where the publisher gives us the rights to do so.

Using Resolute.ai and scite.ai technology, we plan to release several new Platform solutions to enhance the research workflows described above and add new solutions to support the analysis functions that exist in our typical customer base.

Our Platforms are deployed as a single, multi-tenant system across our entire customer base. Customers securely access the Platform through online web interfaces and via web service APIs that enable customers to leverage Platform features and functionality from within in-house and third-party software systems. The Platform can also be configured to satisfy a customer's individual preferences. We leverage our Platform efficiencies in scalability, stability and development costs to fuel rapid innovation and to gain a competitive advantage.

Transactions

We provide our researchers with a single source to the universe of published STM content that includes over 100 million existing STM articles and over 2 to 4 million newly published STM articles each year. STM content is sold to our customers on a per transaction basis. Researchers and knowledge workers in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. These individuals are our primary users and while they typically purchase the articles via one of our Platform solutions, we do have some customers that just order articles from us on behalf of end-users in their organizations.

Core to many of our Platform solutions is providing our customers with ways to find and download digital versions of STM articles that are critical to their research. Customers submit orders for the articles they need which we source and electronically deliver to them generally in under an hour; in most cases under one minute. This service is generally known in the industry as single article delivery or document delivery. We also obtain the necessary permission licenses from the content publisher or other rights holder so that our customer's use complies with applicable copyright laws. We have arrangements with hundreds of content publishers that allow us to distribute their content. The majority of these publishers provide us with electronic access to their content, which allows us to electronically deliver single articles to our customers often in a matter of minutes. While a vast majority of the articles are available in electronic form, the Company also has workflows to deliver older paper-based articles through relationships we have built with libraries around the world.

Principles of Consolidation

The accompanying financial statements are consolidated and include the accounts of the Company and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed with the SEC. The condensed consolidated balance sheet as of June 30, 2023 included herein was derived from the audited consolidated financial statements as of that date, but does not include all disclosures, including notes, required by GAAP.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods reflected. Except as noted, all adjustments contained herein are of a normal recurring nature. Results of operations for the fiscal periods presented herein are not necessarily indicative of fiscal year-end results.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

These estimates and assumptions include estimates for reserves of uncollectible accounts, accruals for potential liabilities, assumptions made in valuing equity instruments issued for services or acquisitions, impairment related to intangible assets, useful lives of finite-lived intangible assets, realization of deferred tax assets and fair values of assets acquired and liabilities assumed in acquisitions including the resulting intangible assets.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivable. The Company places its cash with high quality financial institutions and at times may exceed the FDIC $ 250,000 insurance limit. The Company does not anticipate incurring any losses related to these credit risks. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and intends to maintain allowances for anticipated losses, as required.

Cash denominated in Euros and British Pounds with an aggregate US Dollar equivalent of $ 445,605 and $ 1,760,323 at March 31, 2024 and June 30, 2023, respectively, was held by Reprints Desk in accounts at financial institutions located in Europe.

The Company has no customers that represent 10% of revenue or more for the three and nine months ended March 31, 2024 and 2023.

The Company has no customers that accounted for greater than 10% of accounts receivable at March 31, 2024 and June 30, 2023.

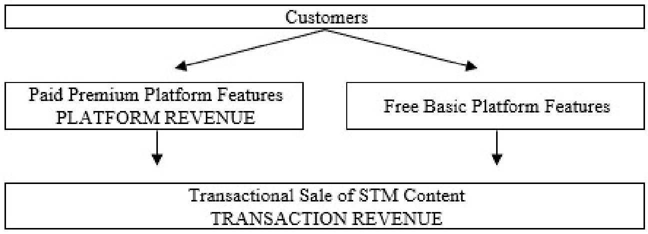
The following table summarizes vendor concentrations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Vendor A	27 %	23 %	26 %	22 %
Vendor B	10 %	14 %	10 %	13 %

Revenue Recognition

The Company accounts for revenue in accordance with Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers (Topic 606), ("ASC 606"). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company derives its revenues from two sources: annual licenses that allow customers to access and utilize certain premium features of our cloud-based SaaS research intelligence platforms (Platforms) and the transactional sale of STM content managed, sourced and delivered through the Platform (Transactions).



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

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

Platforms

We charge a subscription fee that allows customers to access and utilize certain premium features of our Platforms. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.

Transactions

We charge a transactional service fee for the electronic delivery of single articles, and a corresponding copyright fee for the permitted use of the content. We recognize revenue from single article delivery services upon delivery to the customer provided all other revenue recognition criteria have been met. All articles are in PDF format and delivered to customers via various electronic methods. Each of these delivery methods is trackable, with ability to monitor such things as the date and time when the link was e-mailed and the time and IP address used to download the article.

Revenue by Geographical Region

The following table summarizes revenue by geographical region:

	Three Months Ended March 31,			
	2024		**2023**	
United States	$ 7,289,260	60.2 %	$ 5,892,424	57.0 %
Europe	3,767,945	31.1 %	3,530,469	34.1 %
Rest of World	1,058,467	8.7 %	919,533	8.9 %
Total	$ 12,115,672	100 %	$ 10,342,426	100 %

	Nine Months Ended March 31,			
	2024		2023	
United States	$ 19,220,592	59.2 %	$ 15,997,407	57.7 %
Europe	10,225,116	31.5 %	9,503,235	34.3 %
Rest of World	3,044,677	9.4 %	2,243,093	8.1 %
Total	$ 32,490,385	100 %	$ 27,743,735	100 %

Accounts Receivable by Geographical Region

The following table summarizes accounts receivable by geographical region:

	As of March 31, 2024		As of June 30, 2023	
United States	$ 3,940,160	53.8 %	$ 3,727,977	60.6 %
Europe	2,332,562	31.9 %	1,763,044	28.7 %
Rest of World	1,050,657	14.3 %	662,042	10.8 %
Total	$ 7,323,379	100 %	$ 6,153,063	100 %

Business Combinations

The Company accounts for its business combinations using the acquisition method of accounting where the purchase consideration is allocated to the tangible and intangible assets acquired, and liabilities assumed, based on their respective fair values as of the acquisition date. The excess of the fair value of the purchase consideration over the estimated fair values of the net assets acquired is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets. Critical estimates in valuing intangible assets include, but are not limited to, expected future cash flows, which includes consideration of future growth and margins, future changes in technology, brand awareness and discount rates. Fair value estimates are based on the assumptions that management believes a market participant would use in pricing the asset or liability.

Intangible Assets

Amortizable finite-lived identifiable intangible assets consist of a developed technology and customer relationships acquired in the acquisition of ResoluteAI effective July 28, 2023 and Scite effective December 1, 2023 (See Note 5), and are stated at cost less accumulated amortization. The developed technology and customer relationships are being amortized over the estimated average useful lives of 3 to 10 years . The Company follows ASC 360 in accounting for finite-lived intangible assets, which requires impairment losses to be recorded when indicators of impairment are present and the undiscounted cash flows estimated to be generated by the assets are less than the assets' carrying amounts. As of March 31, 2024, the Company determined there were no indicators of impairment of its intangible assets.

Goodwill

Goodwill consists of the excess of the cost of ResoluteAI and Scite (see Note 5) over the fair value of amounts assigned to assets acquired and liabilities assumed. Under the guidance of ASC 350, goodwill is not amortized, rather it is tested for impairment annually, and will be tested for impairment between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. An impairment loss generally would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the reporting unit and would be measured as the excess carrying value of goodwill over the derived fair value of goodwill. The Company's policy is to perform an annual impairment testing for its reporting units on June 30 of each fiscal year.

Deferred Revenue

Contract liabilities, such as deferred revenue, exist where the Company has the obligation to transfer services to a customer for which the entity has received consideration, or when the consideration is due, from the customer.

Cash payments received or due in advance of performance are recorded as deferred revenue. Deferred revenue is primarily comprised of cloud-based software subscriptions which are generally billed in advance. The deferred revenue balance is presented as a current liability on the Company's consolidated balance sheets.

Cost of Revenue

Platforms

Cost of Platform revenue consists primarily of personnel costs of our operations team, and to a lesser extent managed hosting providers and other third-party service and data providers.

Transactions

Cost of Transaction revenue consists primarily of the respective copyright fee for the permitted use of the content, less a discount in most cases, and to a much lesser extent, personnel costs of our operations team and third-party service providers.

Stock-Based Compensation

The Company periodically issues stock options and restricted stock awards to employees and non-employees for services. The Company accounts for such grants issued and vesting based on ASC 718, whereby the value of the award is measured on the date of grant and recognized as compensation expense on the straight-line basis over the vesting period. The Company recognizes the fair value of stock-based compensation within its Statements of Operations with classification depending on the nature of the services rendered.

Under ASC 718, Repurchase or Cancellation of equity awards, the amount of cash or other assets transferred (or liabilities incurred) to repurchase an equity award shall be charged to equity, to the extent that the amount paid does not exceed the fair value of the equity instruments repurchased at the repurchase date. Any excess of the repurchase price over the fair value of the instruments repurchased shall be recognized as additional compensation cost.

Foreign Currency

The accompanying condensed consolidated financial statements are presented in United States dollars, the functional currency of the Company. Capital accounts of foreign subsidiaries are translated into US Dollars from foreign currency at their historical exchange rates when the capital transactions occurred. Assets and liabilities are translated at the exchange rate as of the balance sheet date. Income and expenditures are translated at the average exchange rate of the period. Although the majority of our revenue and costs are in US dollars, the costs of Reprints Desk Latin America and ResSoL LA are in Mexican Pesos. As a result, currency exchange fluctuations may impact our revenue and the costs of our operations. We currently do not engage in any currency hedging activities.

Gains and losses from foreign currency transactions, which result from a change in exchange rates between the functional currency and the currency in which a foreign currency transaction is denominated, are included in selling, general and administrative expenses and amounted to losses of $ 22,177 and $ 15,059 for the three and nine months ended March 31, 2024, respectively and gains of $ 72,547 and $ 84,210 for the three and nine months ended March 31, 2023, respectively. Cash denominated in Euros and British Pounds with an aggregate US Dollar equivalent of $ 445,605 , and $ 1,760,323 at March 31, 2024 and June 30, 2023, respectively, was held in accounts at financial institutions located in Europe.

The following table summarizes the exchange rates used:

	Nine Months Ended March 31,		Year Ended June 30,	
	2024	2023	2023	2022
Period end Euro : US Dollar exchange rate	1.08	1.09	1.09	1.05
Average period Euro : US Dollar exchange rate	1.08	1.03	1.05	1.13
Period end GBP : US Dollar exchange rate	1.26	1.24	1.27	1.21
Average period GBP : US Dollar exchange rate	1.26	1.19	1.20	1.34
Period end Mexican Peso : US Dollar exchange rate	0.06	0.05	0.06	0.05
Average period Mexican Peso : US Dollar exchange rate	0.06	0.05	0.05	0.05

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period, excluding shares of unvested restricted common stock. Shares of restricted stock are included in the basic weighted average number of common shares outstanding from the time they vest. Diluted earnings per share is computed by dividing the net income applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Shares of restricted stock are included in the diluted weighted average number of common shares outstanding from the date they are granted. Potential common shares are excluded from the computation when their effect is antidilutive. At March 31, 2024 potentially dilutive securities include options to acquire 2,790,625 shares of common stock and unvested restricted common stock of 1,966,291 . At March 31, 2023 potentially dilutive securities include options to acquire 2,925,574 shares of common stock and unvested restricted common stock of 2,528,187 . The dilutive effect of potentially dilutive securities is reflected in diluted net income per share if the exercise prices were lower than the average fair market value of common shares during the reporting period.

Basic and diluted net loss per common share is the same for the nine months ended March 31, 2024 because all stock options, warrants, and unvested restricted common stock are anti-dilutive. For the three months ended March 31, 2024 and for the three and nine months ended March 31, 2023, the calculation of diluted earnings per share include unvested restricted common stock, stock options and warrants, calculated under the treasury stock method.

Fair Value of Financial Instruments

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. Fair value is defined as the price at which an asset could be exchanged or a liability transferred in a transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied. A fair value hierarchy prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs, other than the quoted prices in active markets, are observable either directly or indirectly.
Level 3 – Unobservable inputs based on the Company’s assumptions.

The Company is required to use observable market data if such data is available without undue cost and effort.

The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, accounts receivable and accounts payable, approximate their fair values because of the short maturity of these instruments.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses ("CECL") to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning July 1, 2023, and early adoption is permitted. The Company adopted this standard effective July 1, 2023, and there was no material impact of adopting this standard on the Company's financial statements and related disclosures.

In November 2023, the FASB amended ASC No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," that includes requirements for interim segment disclosures and for entities operating under a single segment. The amendment is effective on a retrospective basis for fiscal years beginning after December 15, 2023 and interim periods beginning after January 1, 2025 with early adoption permitted. The Company is currently assessing the impact of the adoption of ASU 2023-07 on its interim and annual disclosures.

In December 2023, the FASB amended ASC 740, Income Taxes (issued under Accounting Standards Update (ASU) 2023-09, "Improvements to Income Tax Disclosures"). This ASU requires additional disclosures related to the rate reconciliation, income taxes paid and other amendments intended to enhance effectiveness and comparability. The amendment is effective for the Company beginning with its fiscal year 2025 annual disclosures. The Company is currently evaluating the impact of the adoption of ASU 2023-09 on its annual disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Note 3. Line of Credit

The Company entered into a Loan and Security Agreement with Silicon Valley Bank ("SVB") on July 23, 2010, which, as amended, provides for a revolving line of credit for the lesser of $ 2,500,000 , or 80 % of eligible accounts receivable. The line of credit matured on February 28, 2024 and was not renewed. There were no outstanding borrowings on the line of credit at maturity and all security interests and liens related to the Loan and Security Agreement have been released.

Note 4. Stockholders' Equity

Stock Options

In December 2007, we established the 2007 Equity Compensation Plan (the "2007 Plan") and in November 2017 we established the 2017 Omnibus Incentive Plan (the "2017 Plan"), collectively (the "Plans"). The Plans were approved by our board of directors and stockholders. The purpose of the Plans is to grant stock and options to purchase our common stock, and other incentive awards, to our employees, directors and key consultants. On November 10, 2016, the maximum number of shares of common stock that may be issued pursuant to awards granted under the 2007 Plan increased from 5,000,000 to 7,000,000 . On November 21, 2017, the Company's stockholders approved the adoption of the 2017 Plan (previously adopted by our board of directors on September 14, 2017), which authorized a maximum of 1,874,513 shares of common stock that may be issued pursuant to awards granted under the 2017 Plan. On November 17, 2020, the Company's stockholders approved an increase in the maximum number of shares of common stock that may be issued pursuant to awards granted under the 2017 Omnibus Incentive Plan from 2,374,513 to 3,374,513 . On November 17, 2021, the Company's stockholders approved an increase in the maximum number of shares of common stock that may be issued pursuant to awards granted under the 2017 Omnibus Incentive Plan from 3,374,513 to 6,874,513 . Upon adoption of the 2017 Plan we ceased granting incentive awards under the 2007 Plan and commenced granting incentive awards under the 2017 Plan. The shares of our common stock underlying cancelled and forfeited awards issued under the 2017 Plan may again become available for grant under the 2017 Plan. Cancelled and forfeited awards issued under the 2007 Plan that were cancelled or forfeited prior to November 21, 2017 became available for grant under the 2007 Plan. As of March 31, 2024, there were 1,062,993 shares available for grant under the 2017 Plan, and no shares were available for grant under the 2007 Plan. All incentive stock award grants prior to the adoption of the 2017 Plan on November 21, 2017 were made under the 2007 Plan, and all incentive stock award grants after the adoption of the 2017 Plan on November 21, 2017 were made under the 2017 Plan.

The majority of awards issued under the Plan vest immediately or over three years, with a one-year cliff vesting period and have a term of ten years. Stock-based compensation cost is measured at the grant date, based on the fair value of the awards that are ultimately expected to vest, and recognized on a straight-line basis over the requisite service period, which is generally the vesting period.

The following table summarizes vested and unvested stock option activity:

	All Options		Vested Options		Unvested Options	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2023	2,909,574	$ 1.87	2,865,593	$ 1.86	43,981	$ 2.47
Granted	257,934	2.73	—	—	257,934	2.73
Options vesting	—	—	37,389	2.45	(37,389)	2.45
Exercised	(371,883)	2.00	(371,883)	2.00	—	—
Forfeited	(5,000)	2.67	(4,583)	2.67	(417)	2.67
Outstanding at March 31, 2024	2,790,625	$ 1.93	2,526,516	$ 1.84	264,109	$ 2.73

The weighted average remaining contractual life of all options outstanding as of March 31, 2024 was 5.32 years. The remaining contractual life for options vested and exercisable at March 31, 2024 was 4.87 years. Furthermore, the aggregate intrinsic value of options outstanding as of March 31, 2024 was $ 3,444,232 , and the aggregate intrinsic value of options vested and exercisable as of March 31, 2024 was $ 3,329,619 , in each case based on the fair value of the Company's common stock on March 31, 2024.

During the nine months ended March 31, 2024, the Company granted 257,934 options to directors with a fair value of $ 340,473 which amount will be amortized over the vesting period. The total fair value of options that vested during the nine months ended March 31, 2024 was $ 104,502 and is included in selling, general and administrative expenses in the accompanying statement of operations. As of March 31, 2024, the amount of unvested compensation related to stock options was $ 291,969 which will be recorded as an expense in future periods as the options vest. During the nine months ended March 31, 2024, the Company issued 71,050 net shares of common stock upon the exercise of options underlying 371,883 shares of common stock.

The following table presents the information regarding stock options outstanding and exercisable as of March 31, 2024:

Option Exercise Price	Options Outstanding	Remaining Contractual Life (in years)	Options Exercisable
$ 0.70	225,000	1.68	225,000
0.77	25,000	0.38	25,000
0.80	16,000	1.39	16,000
0.90	15,000	1.35	15,000
1.00	15,000	0.94	15,000
1.05	305,000	2.40	305,000
1.09	40,000	2.15	40,000
1.10	105,000	1.25	105,000
1.20	249,000	3.62	249,000
1.59	25,000	4.11	25,000
2.10	238,767	7.86	238,767
2.13	216,708	6.64	216,708
2.15	200,000	8.70	200,000
2.17	35,955	7.12	35,955
2.19	5,000	7.81	3,750
2.40	284,000	4.62	284,000
2.43	61,250	7.18	61,250
2.45	89,500	6.35	89,500
2.49	78,435	6.17	78,435
2.50	20,000	5.13	20,000
2.64	30,882	7.35	28,308
2.67	28,194	7.47	25,843
2.73	257,934	9.69	—
2.99	8,000	6.12	8,000
3.13	208,000	5.62	208,000
3.50	8,000	5.87	8,000
Total	2,790,625		2,526,516

Restricted Common Stock

Prior to July 1, 2023, the Company issued 5,184,592 shares of restricted common stock to employees valued at $ 7,503,186 , of which 2,427,309 shares have vested, 279,489 shares with fair value of $ 312,156 have been forfeited, and $ 4,479,369 has been recognized as an expense. The balance of the non-vested shares of restricted common stock was 2,477,794 at June 30, 2023, with an aggregate fair value of $ 2,711,661 .

During the nine months ended March 31, 2024, the Company issued an additional 380,000 shares of restricted stock to employees with an aggregate fair value of $ 860,650 . Of this amount, 130,000 shares vest over a three-year period, with a one-year cliff vesting period, and remain subject to forfeiture if vesting conditions are not met. The aggregate fair value of these stock awards was $ 352,450 based on the market price of our common stock ranging from $ 2.24 to $ 2.73 per share on the date of grant, which will be amortized over the range of a three-year vesting period. The remaining 250,000 shares were granted, under the 2017 Plan, as restricted stock awards to key management in accordance with its long-term equity bonus program (the "LTEBP"). The LTEBP replaces the previous restricted stock compensation program for executives. It spans 5 years and is designed to better serve stockholder interests by aligning key executive compensation with stockholder value. Awards under the LTEBP will vest as follows, upon the 30-day volume weighted average price (VWAP) of our common stock reaching the following targets:

- 20 % at a 30-day VWAP of $ 3.00 per share (this vesting occurred on March 14, 2024);
- 20 % at a 30-day VWAP of $ 3.75 per share;
- 20 % at a 30-day VWAP of $ 4.50 per share;
- 20 % at a 30-day VWAP of $ 5.25 per share; and
- 20 % at a 30-day VWAP of $ 6.00 per share.

Upon a change of control, vesting will accelerate with respect to that portion of the award that would vest if the target 30-day VWAP was achieved at the level above the per share price in such change of control transaction. For example, if we granted an award of 100,000 shares under the LTEBP, 20,000 shares would vest upon our stock price achieving a 30-day VWAP of $ 3.00 per share, and 20,000 shares would vest upon our stock price achieving a 30-day VWAP of $ 3.75 per share. If the per share price in a change of control transaction was $ 5.00 per share, vesting would accelerate for 40,000 shares under the same award (i.e. the number of shares that would vest for our stock price achieving a 30-day VWAP of $ 5.25 per share, pursuant to a tier round up provision in the Plan effective upon a change in control). As a condition to receiving awards under the LTEBP, recipients will be required to hold at least 75 % of all vested shares during the term of their employment. Applicable target 30-day VWAPs must be achieved within 5 years following the grant of awards under the LTEBP, and all unvested awards under the LTEBP will be forfeited upon expiration of such 5-year period. Recipients will also forfeit unvested awards in the event their service with our company terminates for any reason.

As the vesting of the 250,000 shares of restricted common stock under the LTEBP is subject to certain market conditions, pursuant to current accounting guidelines, the Company determined the fair value, with the assistance of a valuation specialist, to be $ 508,200 , computed using the Monte Carlo simulations on a binomial model with a derived service period ranging from 0.68 to 2.51 years. The total fair value of restricted common stock vesting and expenses related to amortization of the fair value of the LTEBP program during the nine months ended March 31, 2024 was $ 1,603,820 and is included in selling, general and administrative expenses in the accompanying statements of operations. As of March 31, 2024, the amount of unvested compensation related to issuances of restricted common stock was $ 1,700,491 , which will be recognized as an expense in future periods as the shares vest. When calculating basic net income per share, these shares are included in weighted average common shares outstanding from the time they vest. When calculating diluted net income per share, these shares are included in weighted average common shares outstanding as of their grant date. When calculating net loss per share, the 1,966,291 shares are considered antidilutive and are excluded from that calculation.

The following table summarizes restricted common stock activity:

	Number of Shares	Fair Value	Weighted Average Grant Date Fair Value
Non-vested, June 30, 2023	2,477,794	$ 2,711,661	$ 1.52
Granted	380,000	860,650	2.26
Vested	(691,503)	(1,603,820)	1.68
Forfeited	(200,000)	(268,000)	1.40
Non-vested, March 31, 2024	1,966,291	$ 1,700,491	$ 1.63

Common Stock Repurchases

Effective as of March 19, 2024, the Compensation Committee of our Board of Directors authorized the repurchase, on the last day of each trading window during which the outstanding awards remain outstanding and otherwise in accordance with our insider trading policies, of an aggregate value not exceeding $ 750,000 , in addition to the prior remaining balance of outstanding common stock of $ 82,347 (at prices no greater than $ 4.00 per share) from our employees to satisfy their tax obligations in connection with the vesting of stock incentive awards through the end of fiscal year 2024. The actual number of shares repurchased will be determined by applicable employees in their discretion and will depend on their evaluation of market conditions and other factors. As of June 30, 2023, $ 151,095 remained under the current authorization to repurchase our outstanding common stock from our employees.

During the nine months ended March 31, 2024, the Company repurchased 186,148 shares of our common stock from employees at an average market price of approximately $ 2.80 per share for an aggregate amount of $ 522,024 . As of March 31, 2024, $ 379,071 remains under the current authorization to repurchase our outstanding common stock from our employees.

Shares repurchased are retired and deducted from common stock for par value and from additional paid in capital for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares.

Note 5. Acquisitions

FIZ

On September 28, 2022, Reprints Desk entered into an asset purchase agreement with FIZ Karlsruhe – Leibniz-Institut für Informationsinfrastruktur GmbH (“FIZ”). FIZ delivers STM content pursuant to various contracts with its customers through its AutoDoc platform. FIZ agreed to assign and transfer to Reprints Desk certain of these contracts effective January 1, 2023 (the “Sold Contracts”).

On September 30, 2022, Reprints Desk made a non-refundable payment of $ 297,450 (€ 300,000) (the “Base Amount”) as initial consideration for the asset purchase. As of March 31, 2024, Reprints Desk has paid $ 64,578 in contingent consideration for customers that have their Sold Contracts assumed by Reprints Desk in comparison to the trailing twelve months of revenue of all Sold Contracts (the “Base Amount Plus”). As of March 31, 2024, $ 125,287 in contingent consideration was recorded for customers that placed an order and have consented to have their contract assumed by Reprints Desk (the “Bonus Amount”). As of March 31, 2024, $ 96,121 and $ 79,625 of Bonus Amount payments were made for the 2023 fiscal year and 2024 fiscal year, respectively. The Bonus Amount is based upon the collectable service fee that FIZ would have received from these customers. Contingent consideration for the Bonus Amount will continue to be paid in arrears through the quarter ending December 31, 2025.

The current contingent consideration for the Base Amount Plus and the Bonus Amount is recorded as a short-term liability on the balance sheet. At March 31, 2024, the Base Amount, the Base Amount Plus and the Bonus Amount were recorded as intangible assets on the balance sheet with an estimated average useful life of 10 years .

ResoluteAI

On July 28, 2023, the Company acquired 100 % of the outstanding stock of Resolute Innovation, Inc. (“ResoluteAI”), a Delaware corporation, an advanced search platform that equips organizations with search, discovery and knowledge management tools that are powered by artificial intelligence (“AI”) and neuro-linguistic programming (“NLP”) technologies.

The Company utilized the acquisition method of accounting for the acquisition in accordance with ASC 805, Business Combinations. The Company allocated the purchase price to ResoluteAI’s tangible assets, identifiable intangible assets, and assumed liabilities at their estimated fair values as of the date of acquisition. The excess of the purchase price paid by the Company over the estimated fair value of identified tangible and intangible assets has been recorded as provisional goodwill.

The total purchase consideration for ResoluteAI, net of cash acquired, was approximately $ 4.6 million. The consideration included an initial payment of $ 2.7 million and a contingent earnout that had an initial fair value of $ 1.9 million. The Company's revaluation of the earnout resulted in a fair value of $ 0.8 million as of March 31, 2024. The contingent earnout payment will be based upon the product of three and one half multiplied by ending annual recurring revenue as of January 31, 2025 less the agreed upon Enterprise Value of $ 3.4 million.

The Company's allocation of the purchase price at March 31, 2024 included $ 0.2 million of receivables, $ 0.1 million of other assets, $ 2.1 million of provisional intangible assets and $ 3.2 million of provisional goodwill. The intangible assets acquired are developed technology and customer relationships with estimated average useful lives of 8 to 10 years . The Company also assumed $ 0.2 million of payables, $ 0.6 million of deferred revenue and $ 0.2 million of other liabilities as part of the acquisition.

The preliminary allocation of purchase price to the assets acquired and liabilities assumed was based upon the estimated fair values at the date of acquisition. As of March 31, 2024, the Company has not completed its analysis for estimating the fair value of the assets acquired and liabilities assumed.

Scite

On December 1, 2023, the Company acquired 100 % of the outstanding stock of Scite, Inc. a Delaware corporation ("Scite"), a platform for discovering and evaluating scientific articles via Smart Citations. Smart Citations allow users to see how a publication has been cited by providing the context of the citation and a classification describing whether it allows for supporting or contrasting evidence for the cited claim.

The total purchase consideration for Scite, net of cash acquired, was approximately $ 20.9 million. The consideration included an initial payment of $ 7.2 million in cash, $ 6.3 million in stock, a holdback of $ 0.2 million and a contingent earnout that had an initial fair value of $ 7.2 million. The Company's revaluation of the earnout resulted in a fair value of $ 8.0 million as of March 31, 2024.

The Company's allocation of the purchase price at March 31, 2024 included $ 0.1 million of receivables, $ 8.9 million of provisional intangible assets and $ 13.1 million of provisional goodwill. The intangible assets acquired are developed technology and customer relationships with estimated average useful lives of 3 to 10 years . The Company also assumed $ 1.2 million of deferred revenue as part of the acquisition.

The preliminary allocation of purchase price to the assets acquired and liabilities assumed was based upon the estimated fair values at the date of acquisition. As of March 31, 2024, the Company has not completed its analysis for estimating the fair value of the assets acquired and liabilities assumed.

The following sets out the unaudited pro forma operating results for the three and nine months ended March 31, 2024 and 2023 for the Company had the acquisition occurred as of July 1, 2022. These amounts include amortization of intangible assets:

	Pro Forma (Unaudited) Three Months ended March 31, 2024	Pro Forma (Unaudited) Three Months ended March 31, 2023	Pro Forma (Unaudited) Nine Months ended March 31, 2024	Pro Forma (Unaudited) Nine Months ended March 31, 2023
Revenue	$ 12,115,672	$ 10,597,376	$ 33,950,021	$ 28,260,869
Cost of revenue	6,633,740	6,365,805	18,601,290	17,108,554
Gross profit	5,481,932	4,231,571	15,348,731	11,152,315
Total operating expenses	5,394,269	4,238,441	16,591,696	11,699,530
Income (loss) from operations	87,663	(6,870)	(1,242,965)	(547,215)
Other income	31,228	104,331	548,967	218,095
Income (loss) from operations before provision for income taxes	118,891	97,461	(693,998)	(329,120)
Provision for income taxes	(42,590)	(628)	(82,049)	(5,543)
Pro Forma Net income (loss)	$ 76,301	$ 96,833	$ (776,047)	$ (334,663)
Pro Forma Net income (loss) per weighted average share, basic	$ -	$ -	$ (0.03)	$ (0.01)
Pro Forma Net income (loss) per weighted average share, diluted	$ -	$ -	$ (0.03)	$ (0.01)

Note 6. Contingencies

Inflation Risk

The Company does not believe that inflation has had a material effect on its operations to date, other than its impact on the general economy. However, there is a risk that the Company’s operating costs could become subject to inflationary and interest rate pressures in the future, which would have the effect of increasing the Company’s operating costs, and which would put additional stress on the Company’s working capital resources.

Note 7. Subsequent Events

On April 15, 2024, the Company entered into a Loan Agreement (the “PNC Loan Agreement”) with PNC Bank, National Association (“PNC”), as lender. Pursuant to the PNC Loan Agreement, the Company entered into a Revolving Line of Credit Note (the “PNC Note”) with PNC, which provides for a $ 500,000 secured revolving line of credit that matures on April 15, 2025 and bears interest annually at the daily SOFR rate plus 2.5 %, with accrued interest due and payable monthly. The PNC Note contains customary events of default including, among other things, payment defaults, material misrepresentations, breaches of covenants, revocation of guarantee, certain bankruptcy and insolvency events. There were no outstanding borrowings under the line of credit as of May 13, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Notice Regarding Forward-Looking Statements

The following discussion and analysis of our financial condition and results of operations for the three and nine months ended March 31, 2024 and 2023 should be read in conjunction with our consolidated financial statements and related notes to those financial statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations, and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023.

We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements. All forward-looking statements included in this report are based on information available to us on the date hereof and, except as required by law, we assume no obligation to update any such forward-looking statements.

Overview

Research Solutions was incorporated in the State of Nevada on November 2, 2006, and is a publicly traded holding company with five wholly owned subsidiaries as of March 31, 2024: Reprints Desk, Inc., a Delaware corporation, including its wholly owned subsidiary Resolute Innovation, Inc., a Delaware corporation, Scite, LLC., a Delaware Limited Liability Company, Reprints Desk Latin America S. de R.L. de C.V, an entity organized under the laws of Mexico, and RESSOL LA, S. DE R.L. DE C.V., an entity organized under the laws of Mexico.

We provide software and related services to help research intensive organizations save time and money. We offer various software platforms ("Platform" or "Platforms") that are typically sold to corporate, academic, government and individual researchers as cloud-based software-as-a-service ("SaaS") via auto-renewing license agreements. Corporate, academic, and government customers typically sign up under annual agreements. Individual researchers can sign up under an annual or a month-to-month agreement and are typically billed monthly. Our Platforms also facilitate the sale of published scientific, technical, and medical ("STM") content sold as individual articles ("Transactions") either stand alone or via one or more of the research Platform solutions we provide. When one or more of the Platform solutions are used to purchase Transactions, customers pay for those transactions through monthly billing or via credit card for individual researchers. Our Platforms enable life science and other research-intensive organizations to accelerate their research and development activities through our advanced discovery tools (i.e. search), tools to access and buy STM articles required to support their research (i.e. acquire), as well as tools that manage that content across the enterprise and on an individual basis (i.e. manage). The Platforms typically deliver an ROI to the customer by reducing the amount of time it takes a research organization to find, acquire and manage content, in addition to also driving down the ultimate cost per article over time.

Platforms

Our cloud-based SaaS Platforms consist of proprietary software and Internet-based interfaces sold to customers through an annual or monthly subscription fee. Legacy functionality falls into three areas.

Discover – These solutions facilitate search (discovery) across virtually all STM articles available. The solutions we offer include free (basic) search solutions and advanced search tools like the Resolute.ai and scite.ai products. These tools allow for searching and identifying relevant research and then purchasing that research through one of our other solutions. In addition, these tools increasingly enable users to find insights in other datasets adjacent to STM content, such as Clinical Trial, Patent, Life Science & MedTech Regulatory information, Competitor and Technology landscape insights in addition to searching the customer's internal datasets. The advanced search solutions are sold through a seat, enterprise, or individual license.

Acquire – Our Article Galaxy (AG) solution allows for research organizations to load their entitlements (subscriptions, discount or token packages, and their existing library of articles) and AG manages those entitlements in the background enabling the researchers to focus on acquiring articles they need quickly and efficiently at the lowest possible cost. When used in conjunction with our discovery Platforms, customers can initiate orders, route orders based on the lowest cost to acquire, obtain spend and usage reporting, automate authentication, and connect seamlessly to in-house and third-party software systems.

Manage – Our References solution allows users to access the article inside the Platform including setting up personal folders or team folders and allows researchers to markup and take notes on the articles in a supported browser on a desktop or tablet.

We use Artificial Intelligence ("AI") in several parts of the research workflow today and will continually add capability as we move forward. Today we offer an AI based recommendation engine in our Discover, Acquire, and Manage Platform solutions. We also offer an AI based "assistant" in some of our solutions to allow the researcher to ask questions about articles, groups of articles (folders), and more. We also have the capability to provide full text search on STM content in the scite.ai Platform where the publisher gives us the rights to do so.

Using Resolute.ai and scite.ai technology, we plan to release several new Platform solutions to enhance the research workflows described above and add new solutions to support the analysis functions that exist in our typical customer base.

Our Platforms are deployed as a single, multi-tenant system across our entire customer base. Customers securely access the Platform through online web interfaces and via web service APIs that enable customers to leverage Platform features and functionality from within in-house and third-party software systems. The Platform can also be configured to satisfy a customer's individual preferences. We leverage our Platform efficiencies in scalability, stability and development costs to fuel rapid innovation and to gain a competitive advantage.

Transactions

We provide our researchers with a single source to the universe of published STM content that includes over 100 million existing STM articles and over 2 to 4 million newly published STM articles each year. STM content is sold to our customers on a per transaction basis. Researchers and knowledge workers in life science and other research-intensive organizations generally require single copies of published STM journal articles for use in their research activities. These individuals are our primary users and while they typically purchase the articles via one of our Platform solutions, we do have some customers that just order articles from us on behalf of end-users in their organizations.

Core to many of our Platform solutions is providing our customers with ways to find and download digital versions of STM articles that are critical to their research. Customers submit orders for the articles they need which we source and electronically deliver to them generally in under an hour; in most cases under one minute. This service is generally known in the industry as single article delivery or document delivery. We also obtain the necessary permission licenses from the content publisher or other rights holder so that our customer's use complies with applicable copyright laws. We have arrangements with hundreds of content publishers that allow us to distribute their content. The majority of these publishers provide us with electronic access to their content, which allows us to electronically deliver single articles to our customers often in a matter of minutes. While a vast majority of the articles are available in electronic form, the Company also has workflows to deliver older paper-based articles through relationships we have built with libraries around the world.

Inflation Risk

We do not believe that inflation has had a material effect on its operations to date, other than its impact on the general economy. However, there is a risk that our operating costs could become subject to inflationary and interest rate pressures in the future, which would have the effect of increasing our operating costs, and which would put additional stress on our working capital resources.

Critical Accounting Policies and Estimates

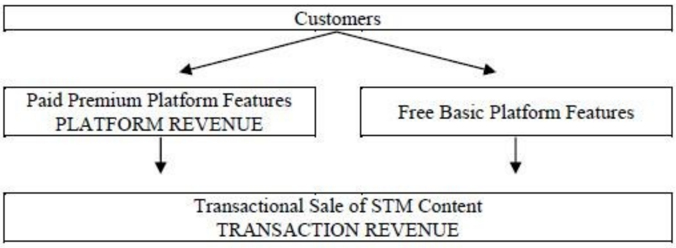
The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States, or GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. When making these estimates and assumptions, we consider our historical experience, our knowledge of economic and market factors and various other factors that we believe to be reasonable under the circumstances. Actual results may differ under different estimates and assumptions.

The accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties.

Revenue Recognition

We account for revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606), (“ASC 606”). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. We derive our revenues from two sources: annual licenses that allow customers to access and utilize certain premium features of our cloud-based SaaS research intelligence platforms (Platforms) and the transactional sale of STM content managed, sourced and delivered through the Platform (Transactions).



We apply the following five steps in order to determine the appropriate amount of revenue to be recognized as we fulfill our obligations under each of our agreements:

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

Platforms

We charge a subscription fee that allows customers to access and utilize certain premium features of our Platforms. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year, provided

Table of Contents

all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.

Transactions

We charge a transactional service fee for the electronic delivery of single articles, and a corresponding copyright fee for the permitted use of the content. We recognize revenue from single article delivery services upon delivery to the customer provided all other revenue recognition criteria have been met. All articles are in PDF format and delivered to customers via various electronic methods. Each of these delivery methods is trackable, with ability to monitor such things as the date and time when the link was e-mailed and the time and IP address used to download the article.

Stock-Based Compensation

The fair value of our stock options is estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or restricted stock, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

Recent Accounting Pronouncements

Please refer to footnote 2 to the condensed consolidated financial statements contained elsewhere in this Form 10-Q for a discussion of Recent Accounting Pronouncements.

Quarterly Information (Unaudited)

The following table sets forth unaudited and quarterly financial data for the most recent eight quarters:

	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
Revenue:								
Platforms	$ 3,953,403	$ 3,125,584	$ 2,600,192	$ 2,303,375	$ 2,249,632	$ 2,110,272	$ 2,019,967	$ 1,886,845
Transactions	8,162,269	7,188,158	7,460,779	7,656,342	8,092,794	6,606,394	6,664,676	6,675,164
Total revenue	12,115,672	10,313,742	10,060,971	9,959,717	10,342,426	8,716,666	8,684,643	8,562,009
Cost of revenue:								
Platforms	571,352	486,185	382,615	275,110	268,630	253,073	230,473	240,214
Transactions	6,062,388	5,343,755	5,646,791	5,764,064	6,046,523	5,059,766	5,104,922	5,038,653
Total cost of revenue	6,633,740	5,829,940	6,029,406	6,039,174	6,315,153	5,312,839	5,335,395	5,278,867
Gross profit:								
Platforms	3,382,051	2,639,399	2,217,577	2,028,265	1,981,002	1,857,199	1,789,494	1,646,631
Transactions	2,099,881	1,844,403	1,813,988	1,892,278	2,046,271	1,546,628	1,559,754	1,636,511
Total gross profit	5,481,932	4,483,802	4,031,565	3,920,543	4,027,273	3,403,827	3,349,248	3,283,142
Operating expenses:								
Sales and marketing	1,122,365	804,927	685,016	455,030	642,624	666,608	521,216	691,368
Technology and product dev.	1,371,754	1,336,558	1,244,579	991,093	953,677	922,132	875,290	1,049,430
General and administrative	2,027,073	2,023,848	2,542,868	1,649,333	1,871,590	1,613,664	1,519,424	1,663,671
Depreciation and amortization	309,898	155,749	59,620	22,163	18,332	6,342	5,812	5,507
Stock-based comp. expense	541,002	596,455	591,814	585,384	480,458	608,703	175,361	225,501
Foreign currency transaction loss (gain)	22,177	(13,738)	6,620	(37,743)	(72,547)	(84,179)	72,516	91,279
Total operating expenses	5,394,269	4,903,799	5,130,517	3,665,260	3,894,134	3,733,270	3,169,619	3,726,756
Other income (expenses and income taxes)	(11,362)	366,369	110,909	120,463	103,703	73,913	34,936	5,347
Net income (loss)	76,301	(53,628)	(988,043)	375,746	236,842	(255,530)	214,565	(438,267)
Basic income (loss) per common share:								
Net income (loss) per share	$ -	$ -	$ (0.04)	$ 0.01	$ 0.01	$ (0.01)	$ 0.01	$ (0.02)
Basic weighted average common shares outstanding	30,020,652	28,092,945	27,052,445	26,981,813	26,929,314	26,816,550	26,718,171	26,576,054
Diluted income (loss) per common share:								
Net income (loss) per share	$ -	$ -	$ (0.04)	$ 0.01	$ 0.01	$ (0.01)	$ 0.01	$ (0.02)
Diluted weighted average common shares outstanding	33,511,242	28,092,945	27,052,445	30,058,791	29,791,719	26,815,550	27,779,841	26,576,054

Comparison of the Three and Nine Months Ended March 31, 2024 and 2023

Results of Operations

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Revenue:				
Platforms	$ 3,953,403	$ 2,249,632	$ 1,703,771	75.7 %
Transactions	8,162,269	8,092,794	69,475	0.9 %
Total revenue	12,115,672	10,342,426	1,773,246	17.1 %
Cost of revenue:				
Platforms	571,352	268,630	302,722	112.7 %
Transactions	6,062,388	6,046,523	15,865	0.3 %
Total cost of revenue	6,633,740	6,315,153	318,587	5.0 %
Gross profit:				
Platforms	3,382,051	1,981,002	1,401,049	70.7 %
Transactions	2,099,881	2,046,271	53,610	2.6 %
Total gross profit	5,481,932	4,027,273	1,454,659	36.1 %
Operating expenses:				
Sales and marketing	1,122,365	642,624	479,741	74.7 %
Technology and product development	1,371,754	953,677	418,077	43.8 %
General and administrative	2,027,073	1,871,590	155,483	8.3 %
Depreciation and amortization	309,898	18,332	291,566	1,590.5 %
Stock-based compensation expense	541,002	480,458	60,544	12.6 %
Foreign currency transaction loss (gain)	22,177	(72,547)	94,724	130.6 %
Total operating expenses	5,394,269	3,894,134	1,500,135	38.5 %
Income from operations	87,663	133,139	(45,476)	(34.2)%
Other income	31,228	104,331	(73,103)	(70.1)%
Income from operations before provision for income taxes	118,891	237,470	(118,579)	(49.9)%
Provision for income taxes	(42,590)	(628)	(41,962)	(6,681.8)%
Net income	$ 76,301	$ 236,842	(160,541)	(67.8)%

	Nine Months Ended March 31,			
	2024	2023	$ Change	% Change
Revenue:				
Platforms	$ 9,679,179	$ 6,379,871	$ 3,299,308	51.7 %
Transactions	22,811,206	21,363,864	1,447,342	6.8 %
Total revenue	32,490,385	27,743,735	4,746,650	17.1 %
Cost of revenue:				
Platforms	1,440,151	752,176	687,975	91.5 %
Transactions	17,052,934	16,211,211	841,723	5.2 %
Total cost of revenue	18,493,085	16,963,387	1,529,698	9.0 %
Gross profit:				
Platforms	8,239,028	5,627,695	2,611,333	46.4 %
Transactions	5,758,272	5,152,653	605,619	11.8 %
Total gross profit	13,997,300	10,780,348	3,216,952	29.8 %
Operating expenses:				
Sales and marketing	2,612,308	1,830,448	781,860	42.7 %
Technology and product development	3,952,891	2,751,099	1,201,792	43.7 %
General and administrative	6,593,790	5,004,678	1,589,112	31.8 %
Depreciation and amortization	525,267	30,486	494,781	1,623.0 %
Stock-based compensation expense	1,729,271	1,264,522	464,749	36.8 %
Foreign currency transaction loss (gain)	15,059	(84,210)	99,269	117.9 %
Total operating expenses	15,428,586	10,797,023	4,631,563	42.9 %
Loss from operations	(1,431,286)	(16,675)	(1,414,611)	(8,483.4)%
Other income	547,965	218,095	329,870	151.3 %
Income (loss) from operations before provision for income taxes	(883,321)	201,420	(1,084,741)	(538.5)%
Provision for income taxes	(82,049)	(5,543)	(76,506)	(1,380.2)%
Net income (loss)	$ (965,370)	$ 195,877	(1,161,247)	(592.8)%

Revenue

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Revenue:				
Platforms	$ 3,953,403	$ 2,249,632	$ 1,703,771	75.7 %
Transactions	8,162,269	8,092,794	69,475	0.9 %
Total revenue	$ 12,115,672	$ 10,342,426	$ 1,773,246	17.1 %

Total revenue increased $1,773,246, or 17.1%, for the three months ended March 31, 2024 compared to the prior year, due to the following:

Category	Impact		Key Drivers
Platforms	↑	$ 1,703,771	Increased due to additional deployments to new and existing customers, expansion from existing customers and additional revenue from the ResoluteAI and Scite transactions. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year for commercial customers and monthly for individual subscribers, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.
Transactions	↑	$ 69,475	Increased primarily due to organic higher paid order volume.

	Nine Months Ended March 31,			
	2024	2023	$ Change	% Change
Revenue:				
Platforms	$ 9,679,179	$ 6,379,871	$ 3,299,308	51.7 %
Transactions	22,811,206	21,363,864	1,447,342	6.8 %
Total revenue	$ 32,490,385	$ 27,743,735	$ 4,746,650	17.1 %

Total revenue increased $4,746,650, or 17.1%, for the nine months ended March 31, 2024 compared to the prior year, due to the following:

Category	Impact		Key Drivers
Platforms	↑	$ 3,299,308	Increased due to additional deployments to new and existing customers, expansion from existing customers and additional revenue from the ResoluteAI and Scite transactions. Revenue is recognized ratably over the term of the subscription agreement, which is typically one year for commercial customers and monthly for individual subscribers, provided all other revenue recognition criteria have been met. Billings or payments received in advance of revenue recognition are recorded as deferred revenue.
Transactions	↑	$ 1,447,342	Increased primarily due to organic higher paid order volume and additional paid order volume due to the FIZ asset acquisition.

Cost of Revenue

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Cost of Revenue:				
Platforms	$ 571,352	$ 268,630	$ 302,722	112.7 %
Transactions	6,062,388	6,046,523	15,865	0.3 %
Total cost of revenue	$ 6,633,740	$ 6,315,153	$ 318,587	5.0 %

	Three Months Ended March 31,		
	2024	2023	% Change *
As a percentage of revenue:			
Platforms	14.5 %	11.9 %	2.6 %
Transactions	74.3 %	74.7 %	(0.4)%
Total	54.8 %	61.1 %	(6.3)%

* The difference between current and prior period cost of revenue as a percentage of revenue

Total cost of revenue as a percentage of revenue decreased 6.3%, from 61.1% for the previous year to 54.8%, for the three months ended March 31, 2024.

Category	Impact as percentage of revenue		Key Drivers
Platforms	↑	2.6 %	Increased primarily due to proportionally greater hosting costs from ResoluteAI.
Transactions	↓	0.4 %	Decreased primarily due to higher copyright margins.

	Nine Months Ended March 31,			
	2024	2023	$ Change	% Change
Cost of Revenue:				
Platforms	$ 1,440,151	$ 752,176	$ 687,975	91.5 %
Transactions	17,052,934	16,211,211	841,723	5.2 %
Total cost of revenue	$ 18,493,085	$ 16,963,387	$ 1,529,698	9.0 %

	Nine Months Ended March 31,		
	2024	2023	% Change *
As a percentage of revenue:			
Platforms	14.9 %	11.8 %	3.1 %
Transactions	74.8 %	75.9 %	(1.1)%
Total	56.9 %	61.1 %	(4.2)%

* The difference between current and prior period cost of revenue as a percentage of revenue

Total cost of revenue as a percentage of revenue decreased 4.2%, from 61.1% for the previous year to 56.9%, for the nine months ended March 31, 2024.

Category	Impact as percentage of revenue		Key Drivers
Platforms	↑	3.1 %	Increased primarily due to proportionally greater hosting costs from ResoluteAI.
Transactions	↓	1.1 %	Decreased primarily due to higher copyright margins.

Gross Profit

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Gross Profit:				
Platforms	$ 3,382,051	$ 1,981,002	$ 1,401,049	70.7 %
Transactions	2,099,881	2,046,271	53,610	2.6 %
Total gross profit	$ 5,481,932	$ 4,027,273	$ 1,454,659	36.1 %

	Three Months Ended March 31,		
	2024	2023	% Change*
As a percentage of revenue:			
Platforms	85.5 %	88.1 %	(2.6)%
Transactions	25.7 %	25.3 %	0.4 %
Total	45.2 %	38.9 %	6.3 %

* The difference between current and prior period gross profit as a percentage of revenue

	Nine Months Ended March 31,			
	2024	2023	$ Change	% Change
Gross Profit:				
Platforms	$ 8,239,028	$ 5,627,695	$ 2,611,333	46.4 %
Transactions	5,758,272	5,152,653	605,619	11.8 %
Total gross profit	$ 13,997,300	$ 10,780,348	$ 3,216,952	29.8 %

	Nine Months Ended March 31,		
	2024	2023	% Change*
As a percentage of revenue:			
Platforms	85.1 %	88.2 %	(3.1)%
Transactions	25.2 %	24.1 %	1.1 %
Total	43.1 %	38.9 %	4.2 %

* The difference between current and prior period gross profit as a percentage of revenue

Operating Expenses

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Operating Expenses:				
Sales and marketing	$ 1,122,365	$ 642,624	$ 479,741	74.7 %
Technology and product development	1,371,754	953,677	418,077	43.8 %
General and administrative	2,027,073	1,871,590	155,483	8.3 %
Depreciation and amortization	309,898	18,332	291,566	1,590.5 %
Stock-based compensation expense	541,002	480,458	60,544	12.6 %
Foreign currency transaction loss (gain)	22,177	(72,547)	94,724	130.6 %
Total operating expenses	$ 5,394,269	$ 3,894,134	$ 1,500,135	38.5 %

Category	Impact		Key Drivers
Sales and marketing	↑	$ 479,741	Increased primarily due to greater personnel costs, including costs from the ResoluteAI and Scite transactions, and marketing discretionary spend.
Technology and product development	↑	$ 418,077	Increased due to greater software development personnel costs, primarily from the onboarding personnel from ResoluteAI and Scite, but also due to organic growth in personnel cost.
General and administrative	↑	$ 155,483	Increased due to greater personnel costs, primarily from the onboarding of Resolute AI and Scite, partially offset by lower recruiting expenses.

	Nine Months Ended March 31,			
	2024	2023	$ Change	% Change
Operating Expenses:				
Sales and marketing	$ 2,612,308	$ 1,830,448	$ 781,860	42.7 %
Technology and product development	3,952,891	2,751,099	1,201,792	43.7 %
General and administrative	6,593,790	5,004,678	1,589,112	31.8 %
Depreciation and amortization	525,267	30,486	494,781	1,623.0 %
Stock-based compensation expense	1,729,271	1,264,522	464,749	36.8 %
Foreign currency transaction gain	15,059	(84,210)	99,269	117.9 %
Total operating expenses	$ 15,428,586	$ 10,797,023	$ 4,631,563	42.9 %

Category	Impact		Key Drivers
Sales and marketing	↑	$ 781,860	Increased primarily due to greater personnel costs, including costs from the ResoluteAI and Scite transactions, and marketing discretionary spend partially offset by lower consulting expenses.
Technology and product development	↑	$ 1,201,792	Increased due to greater software development personnel costs, primarily from the onboarding personnel from ResoluteAI and Scite, but also due to organic growth in personnel cost.
General and administrative	↑	$ 1,589,112	Increased due to greater legal expenses and personnel costs, primarily from the onboarding of Resolute AI and Scite, partially offset by lower recruiting expenses. Greater legal expenses include proxy-related and acquisition-related costs. Greater personnel costs include separation costs paid to a former officer as result of the resolution of the proxy matter.

Net Income (Loss)

	Three Months Ended March 31,			
	2024	2023	$ Change	% Change
Net Income (Loss):				
Net income:	$ 76,301	$ 236,842	$ (160,541)	(67.8)%

Net income decreased $160,541 or 67.8%, for the three months ended March 31, 2024 compared to the prior year, primarily due to increased operating expenses, partially offset by gross profit as described above.

	Nine Months Ended March 31,			
	2024	2023	$ Change	% Change
Net Income (Loss):				
Net income (loss):	$ (965,370)	$ 195,877	$ (1,161,247)	(592.8)%

Net loss increased $1,161,247 or 592.8%, for the nine months ended March 31, 2024 compared to the prior year, primarily due to increased operating expenses, partially offset by increased gross profit as described above.

Liquidity and Capital Resources

	Nine Months Ended March 31,	
	2024	2023
Consolidated Statements of Cash Flow Data:		
Net cash provided by operating activities	$ 1,589,791	$ 1,872,356
Net cash used in investing activities	(10,081,507)	(327,426)
Net cash used in financing activities	(836,984)	(17,056)
Effect of exchange rate changes	4,791	1,850
Net increase (decrease) in cash and cash equivalents	(9,323,909)	1,529,724
Cash and cash equivalents, beginning of period	13,545,333	10,603,175
Cash and cash equivalents, end of period	$ 4,221,424	$ 12,132,899

Liquidity

As of March 31, 2024, we had cash and cash equivalents of $4,221,424, compared to $13,545,333 as of June 30, 2023, a decrease of $9,323,909. This decrease was primarily due to cash used in investing activities.

Operating Activities

Net cash provided by operating activities was $1,589,791 for the nine months ended March 31, 2024 and resulted primarily from an increase in fair value of vested restricted common stock of $1,603,820, an increase in deferred revenue of $768,347, partially offset by an increase in accounts receivable of $739,883.

Net cash provided by operating activities was $1,872,356 for the nine months ended March 31, 2023 and resulted primarily from an increase in deferred revenue of $986,044, an increase in accounts payable and accrued expenses of $947,789 and an increase in fair value of vested restricted common stock of $925,550, partially offset by an increase in accounts receivable of $1,545,695.

Investing Activities

Net cash used in investing activities was $10,081,507 for the nine months ended March 31, 2024 and resulted primarily from the payment for the Scite acquisition of $7,305,493 and the payment for the ResoluteAI acquisition of $2,718,253.

Net cash used in investing activities was $327,426 for the nine months ended March 31, 2023 and resulted primarily from the payment for non-refundable deposit for asset acquisition of $297,450.

Financing Activities

Net cash used in financing activities was $836,984 for the nine months ended March 31, 2024 and resulted from repurchase of common stock of $522,024 and the payment of contingent acquisition consideration of $314,960.

Net cash used in financing activities was $17,056 for the nine months ended March 31, 2023 and resulted from the repurchase of common stock of $74,556, partially offset by the proceeds from the exercise of options of $57,500.

We entered into a Loan and Security Agreement with Silicon Valley Bank ("SVB") on July 23, 2010, which, as amended, provides for a revolving line of credit for the lesser of $2,500,000, or 80% of eligible accounts receivable. The line of credit matured on February 28, 2024 and was not renewed. There were no outstanding borrowings on the line of credit at maturity and all security interests and liens related to the Loan and Security Agreement have been released.

On April 15, 2024, we entered into a Loan Agreement (the "PNC Loan Agreement") with PNC Bank, National Association ("PNC"), as lender. Pursuant to the PNC Loan Agreement, we entered into a Revolving Line of Credit Note (the "PNC Note") with PNC, which provides for a $500,000 secured revolving line of credit that matures on April 15, 2025 and bears interest annually at the daily SOFR rate plus 2.5%, with accrued interest due and payable monthly. The PNC Note contains customary events of default including, among other things, payment defaults, material misrepresentations, breaches of covenants, revocation of guarantee, certain bankruptcy and insolvency events. There were no outstanding borrowings under the line of credit as of May 13, 2024.

Non-GAAP Measure – Adjusted EBITDA

In addition to our GAAP results, we present Adjusted EBITDA as a supplemental measure of our performance. However, Adjusted EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. We define Adjusted EBITDA as net income (loss), plus interest expense, other income (expense), foreign currency transaction loss, provision for income taxes, depreciation and amortization, stock-based compensation, income from discontinued operations and gain on sale of discontinued operations. Management considers our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized below. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Set forth below is a reconciliation of Adjusted EBITDA to net income (loss) for the three and nine months ended March 31, 2024 and 2023:

	Three Months Ended March 31,		
	2024	2023	$ Change
Net income (loss)	$ 76,301	$ 236,842	$ (160,541)
Add (deduct):			
Other (income) expense	(31,228)	(104,331)	73,103
Foreign currency transaction loss (gain)	22,177	(72,547)	94,724
Provision for income taxes	42,590	628	41,962
Depreciation and amortization	309,898	18,332	291,566
Stock-based compensation	541,002	480,458	60,544
Adjusted EBITDA	$ 960,740	$ 559,382	$ 401,358

	Nine Months Ended March 31,		
	2024	2023	$ Change
Net income (loss)	$ (965,370)	$ 195,877	$ (1,161,247)
Add (deduct):			
Other (income) expense	(547,965)	(218,095)	(329,870)
Foreign currency transaction loss (gain)	15,059	(84,210)	99,269
Provision for income taxes	82,049	5,543	76,506
Depreciation and amortization	525,267	30,486	494,781
Stock-based compensation	1,729,271	1,264,522	464,749
Adjusted EBITDA	$ 838,311	$ 1,194,123	$ (355,812)

We present Adjusted EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted EBITDA in developing our internal budgets, forecasts and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; and in making compensation decisions and in communications with our board of directors concerning our financial performance. Adjusted EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. For purposes of this section, the term *disclosure controls and procedures* means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2024, the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Inherent Limitations on the Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Changes in Internal Control Over Financial Reporting

In addition, our management with the participation of our principal executive officer and principal financial officer have determined that no change in our internal control over financial reporting (as that term is defined in Rules 13(a)-15(f) and 15(d)-15(f) of the Exchange Act) occurred during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1A. Risk Factors.

There have been no material changes from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended June 30, 2023.

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

Effective as of March 19, 2024, the Compensation Committee of our Board of Directors authorized the repurchase, on the last day of each trading window during which the outstanding awards remain outstanding and otherwise in accordance with our insider trading policies, of an aggregate value not exceeding $750,000, in addition to the prior remaining balance of outstanding common stock of $82,347 (at prices no greater than $4.00 per share) from our employees to satisfy their tax obligations in connection with the vesting of stock incentive awards through the end of fiscal year 2024. The actual number of shares repurchased will be determined by applicable employees in their discretion and will depend on their evaluation of market conditions and other factors. As of June 30, 2023, $151,095 remained under the current authorization to repurchase our outstanding common stock from our employees.

During the three months ended March 31, 2024, we repurchased 159,044 shares of our common stock from employees at an average market price of approximately $2.85 per share for an aggregate amount of $453,276. As of March 31, 2024, $379,071 remains under the current authorization to repurchase our outstanding common stock from our employees.

Shares repurchased are retired and deducted from common stock for par value and from additional paid in capital for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares.

The following table summarizes repurchases of our common stock on a monthly basis:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1-31, 2024	—	—	—	$ 82,347
February 1-29, 2024	—	—	—	$ 82,347
March 1-31, 2024	159,044	$ 2.85	—	$ 379,071
Total	159,044	$ 2.85	—	—

1 Consists of shares of common stock purchased from an employee to satisfy tax obligations in connection with the vesting of stock incentive awards.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger by and among Reprints Desk, Inc., Research Solutions Acquisition Corp 1, Research Solutions, Inc., as Parent Guarantor, Resolute Innovation, Inc. and Shareholder Representative Services LLC dated as of July 28, 2023. (Incorporated by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed on July 31, 2023.)
2.2	Agreement of Merger and Plan of Reorganization, by and among the Research Solutions, Inc., Research Solutions Acquisition 2, LLC, Scite, Inc., and the Stockholder Representative, dated as of November 24, 2023. (Incorporated by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed on November 24, 2023.)
3.1.1	Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to the registrant's Registration Statement on Form SB-2 filed on December 28, 2007.)
3.1.2	Articles of Merger Effective March 4, 2013. (Incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed on March 6, 2013.)
3.2	Amended and Restated Bylaws. (Incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed on October 17, 2012.)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer *
32.2	Section 1350 Certification of Chief Financial Officer *
101.INS	INLINE XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESEARCH SOLUTIONS, INC.

	By: /s/ Roy W. Olivier
	Roy W. Olivier
Date: May 13, 2024	Chief Executive Officer and President (Principal Executive Officer)
	By: /s/ William Nurthen
	William Nurthen
Date: May 13, 2024	Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

RULE 13a-14(a) CERTIFICATION

I, Roy W. Olivier, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Research Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 13, 2024

/s/ Roy W. Olivier
Roy W. Olivier
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

RULE 13a-14(a) CERTIFICATION

I, William Nurthen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Research Solutions, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 13, 2024

/s/ William Nurthen
William Nurthen
Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the quarterly report of Research Solutions, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Roy W. Olivier, Chief Executive Officer and President, and Director 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.

/s/ Roy W. Olivier
Roy W. Olivier
Chief Executive Officer and President
(Principal Executive Officer)
May 13, 2024

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 Research Solutions, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William Nurthen, Chief 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.

/s/ William Nurthen
William Nurthen
Chief Financial Officer (Principal Financial and Accounting Officer)
May 13, 2024