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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

OR

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

For the transition period from _____ to _____

Commission File Number: **001-38508**

Sports Entertainment Gaming Global Corporation

(Exact name of registrant as specified in its charter)

Delaware	**81-1996183**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5049 Edwards Ranch Rd., 4th Floor, Fort Worth, TX	**76109**
(Address of principal executive offices)	(zip code)

(737) 787-3798
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

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	SEGG	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 ☒ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☒

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

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

As of November 1, 2026, 4,205,728 shares of common stock, par value $0.001 per share were issued and outstanding.

TABLE OF CONTENTS

	Page
Part I. Financial Information	1
Item 1. Consolidated Financial Statements	1
Condensed Consolidated Balance Sheets as of June 30, 2026 (unaudited) and December 31, 2025	F-1
Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2026 and 2025 (unaudited)	F-2
Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2026 and 2025 (unaudited)	F-3
Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2026 and 2025 (unaudited)	F-4
Notes to Condensed Consolidated Financial Statements (unaudited)	F-5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	2
Item 3. Quantitative and Qualitative Disclosures about Market Risk	16
Item 4. Controls and Procedures	16
Part II. Other Information	18
Item 1. Legal Proceedings	18
Item 1A. Risk Factors	23
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	25
Item 3. Defaults Upon Senior Securities	25
Item 4. Mine Safety Disclosures	25
Item 5. Other Information	25
Item 6. Exhibits	26

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report on Form 10-Q (this "Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding the financial condition, results of operations, future operating performance, liquidity, business strategy, and prospects of Sports Entertainment Gaming Global Corporation (doing business as "SEGG," "SEGG Media," the "Company," "we," "our," or "us"). Forward-looking statements appear in a number of places in this Report, including, without limitation, under the heading in Part I, "*Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.*" In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Forward-looking statements are typically identified by words such as "plan," "believe," "expect," "anticipate," "intend," "outlook," "estimate," "forecast," "project," "continue," "could," "may," "might," "possible," "potential," "predict," "should," "would" and other similar words and expressions, but the absence of these words does not mean that a statement is not forward-looking.

Forward-looking statements are based on the current expectations of the management of SEGG Media and are inherently subject to uncertainties and changes in circumstances and their potential effects and speak only as of the date of such statement. There can be no assurance that future developments will be those that have been anticipated. These forward-looking statements involve a number of risks, uncertainties, or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors discussed and identified in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "Annual Report") which was filed on July 10, 2026 and in this Report, as such factors may be updated in our periodic reports filed with the Securities and Exchange Commission (the "SEC"), as well as the following:

- our ability to continue implementing our strategic business plan;
- our ability to successfully operate and grow our digital media, sports, entertainment and gaming businesses;
- our ability to monetize our digital media audience through advertising, sponsorships, commercial partnerships, platform monetization and other revenue-generating activities;
- our dependence on third-party digital platforms and technology providers;
- our ability to complete, support and realize the anticipated benefits of strategic acquisitions;
- our ability to remediate material weaknesses in our internal control over financial reporting;
- our ability to regain compliance with Nasdaq listing standards and our SEC reporting obligations;
- our ability to maintain sufficient liquidity and obtain additional financing;
- ongoing litigation, governmental inquiries and regulatory matters;
- general economic, geopolitical and capital market conditions; and
- the other risks described in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2025 and in this Report.

The risks described herein or in the "Risk Factors" sections of our other public filings referenced above are not exhaustive. Other sections of this Report describe additional factors that could adversely affect our business, financial condition or results of operations. New risk factors emerge from time to time and it is not possible to predict all such risk factors, nor can we assess the impact of all such risk factors on our business, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Forward-looking statements are not guarantees of future performance. You should not put undue reliance on these statements, which speak only as of the date hereof. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Unless otherwise indicated, all share and per-share amounts in this Quarterly Report, including in Management's Discussion and Analysis and Part II, have been adjusted to reflect the 1-for-20, 1-for-10 and 1-for-7 reverse stock splits of our common stock effective in August 2023, August 2025 and July 31, 2026, respectively. *See Note 2* to the condensed consolidated financial statements.

Explanatory Note

As disclosed in the Company's Current Report on Form 8-K filed on October 8, 2026, SEGG Media (formerly Lottery.com/AutoLotto) reported that new testimony and an internal inquiry uncovered details about two connected transactions from 2020–2021. The Company alleges that former Trident CEO Vadim Komissarov ("Komissarov"), with assistance from three former Lottery executives, arranged a circular scheme involving $9 million held in a restricted Massachusetts law-firm escrow account.

Although AutoLotto allegedly could not access or control the money, it recorded the $9 million as revenue and cash from a purported sale of customer data to Datassure in 2020. The same funds were then presented as part of AutoLotto's acquisition of Global Gaming from a Czech company created by Komissarov, returning the money to its original source in 2021. The transactions allegedly caused improper recognition of revenue, deferred revenue, and cash, as well as an overstated acquisition cost of $10.57 million (the "Legacy Transactions").

Komissarov was sentenced to three years in prison in June 2026. Two former Lottery executives pleaded guilty in May 2025 and await sentencing. SEGG Media states that its current officers and directors were not involved in any manner in the Legacy Transactions and that none of the participants involved remain associated with the Company.

Accordingly, and as further described in Note 3 to the condensed consolidated financial statements included in this Report, the Company's Audit Committee, in consultation with Company's management and its independent registered public accounting firm, has concluded that the Company's previously issued financial statements require certain corrections to address the Legacy Transactions. As such, the Annual Report on Form 10-K/A for the year ended December 31, 2021, its Annual Report on Form 10-K for the year ended December 31, 2022, and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022 (collectively, the "Affected Reports") should no longer be relied upon and require restatement, and that its financial statements for the years ended December 31, 2023, December 31, 2024, and December 31, 2025, and the interim periods within those years (collectively, the "Correction Periods"), require correction but were not rendered unreliable despite the corrections needed. The Company's Audit Committee and management do not believe the error corrections to Correction Period financial statements would alter a reasonable investor's assessment of the Company's financial condition or results of operations for those periods. The Company has yet to file the amended Annual or Quarterly Reports reflecting the Legacy Transaction corrections. This Report presents the Company's financial statements for the period covered hereby, including comparative prior-period amounts on a corrected basis properly accounting for the Legacy Transactions in advance of filing amendments to the Company's previously issued financial statements.

As described in Note 4, the Company acquired a controlling interest in Veloce Media Group (Veloce Esports Limited, Quadrant, and Veloce Racing, or collectively "Veloce") on February 17, 2026. Veloce's results are included in the Company's consolidated financial statements only from the acquisition date forward. As a result, only six weeks of results of operations for Veloce were reported by the Company for the three months ended March 31, 2026. This report and all subsequent quarterly reports on Form 10-Q will include results of operations for Veloce for entire quarters. The acquisition had a significant effect on revenue and expenses, and many components of the balance sheet, such that the Company's results of operations for the three and six months ended June 30, 2026 are not directly comparable to the corresponding prior-year periods.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

	Page
Condensed Consolidated Balance Sheets as of June 30, 2026 (unaudited) and December 31, 2025	F-1
Condensed Consolidated Statements of Operations and Comprehensive Loss for the three and six months ended June 30, 2026 and 2025 (unaudited)	F-2
Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2026 and 2025 (unaudited)	F-3
Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2026 and 2025 (unaudited)	F-4
Notes to Condensed Consolidated Financial Statements (unaudited)	F-5

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash	$ 712,877	$ 171,524
Restricted Cash	-	-
Accounts receivable, net	768,140	231,259
Inventory	226,227	-
Prepaid expenses	9,505,690	8,634,275
Other current assets	3,306,968	3,843,228
Total current assets	14,519,902	12,880,286
Notes receivable	2,000,000	2,000,000
Investments	263,189	250,000
Goodwill	59,418,515	7,087,232
Intangible assets, net	28,244,674	13,859,528
Property and equipment, net	68,860	1,095
Other long-term assets	17,361,261	16,818,711
Total assets	$ 121,876,401	$ 52,896,852
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	$ 8,638,870	$ 8,557,915
Deferred revenue	24,225	21,990
Notes payable - current	15,556,971	6,186,163
Accrued interest	1,820,130	1,557,032
Accrued and other expenses	10,268,701	13,510,721
Other liabilities	17,384,645	2,065,537
Total current liabilities	53,693,542	31,899,358
Long-term liabilities:		
Other long-term liabilities	-	-
Total long-term liabilities	-	-
Commitments and contingencies (Note 14)	-	-
Total liabilities	53,693,542	31,899,358
Stockholders' Equity		
Preferred Stock, par value $0.001, 1,000,000 shares authorized, none issued and outstanding		-
Common stock, par value $0.001, 500,000,000 shares authorized, 3,184,816 and 982,975 issued and outstanding June 30, 2026 and December 31, 2025, respectively	3,233	983
Common stock, treasury at par; 48,337 shares and 0 shares, June 30, 2026 and December 31, 2025, respectively	(48)	-
Additional paid-in capital	337,932,522	307,018,667
Accumulated other comprehensive loss	(1,047,659)	311,932
Accumulated deficit	(292,799,967)	(286,556,363)
Total SEGG Media stockholders' equity	44,088,081	20,775,219
Noncontrolling interest	24,094,778	222,275
Total Stockholders' Equity	68,182,859	20,997,494
Total liabilities and stockholders' equity	$ 121,876,401	$ 52,896,852

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

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	$ 3,228,990	$ 191,762	$ 4,429,973	$ 415,611
Cost of revenue	2,291,536	162,733	3,161,000	325,201
Gross profit	937,454	29,029	1,268,973	90,410
Operating expenses:				
Personnel costs	1,313,926	438,966	2,336,958	1,125,603
Professional fees	1,605,627	1,339,869	3,922,199	2,429,076
General and administrative	1,816,359	1,127,724	2,878,011	1,870,567
Depreciation and amortization	1,023,879	942,644	2,126,815	1,837,982
Total operating expenses	5,759,791	3,849,203	11,263,983	7,263,228
Loss from operations	(4,822,337)	(3,820,174)	(9,995,010)	(7,172,818)
Other (income) expense				
Interest expense	453,918	80,063	850,738	151,870
Interest income	(13,394)	(15,642)	(13,394)	(211,989)
Other expense	9,745	(11,066)	1,022,229	(11,066)
Other income	(2,813,948)	(12,967)	(5,856,257)	(77,539)
Total other (income) expense, net	(2,363,679)	40,388	(3,996,684)	(148,724)
Net loss before income tax	$ (2,458,658)	$ (3,860,562)	$ (5,998,326)	$ (7,024,094)
Income tax expense (benefit)	-	-	-	-
Net loss	(2,458,658)	(3,860,562)	(5,998,326)	(7,024,094)
Other comprehensive loss				
Foreign currency translation adjustment, net	(1,264,334)	78,762	(2,840,691)	50,042
Comprehensive loss	(3,722,992)	(3,781,800)	(8,839,017)	(6,974,052)
Net (income) loss attributable to noncontrolling interest	498,138	35,262	892,894	52,534
Net loss attributable to SEGG Media	(3,224,854)	(3,746,538)	(7,946,123)	(6,921,518)
Net loss per common share				
Basic and diluted	$ (1.32)	$ (9.04)	$ (3.15)	$ (18.38)
Weighted average common shares outstanding				
Basic and diluted	2,435,991	414,554	2,522,405	376,508

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

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
For the Three and Six Months Ended June 30, 2026 and 2025

	Common Stock		Treasury Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Total SEGG Stockholders'	Noncontrolling	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Income	Equity	Interest	Equity
Balance as of December 31, 2024	261,812	262			$283,931,498	$(263,468,728)	16,880	20,479,912	2,064,916	22,544,828
Conversion of debt to equity	8,751	9			211,011			211,020		211,020
Stock issued in lieu of cash	110,866	111			2,673,297			2,673,408		2,673,408
Other comprehensive loss							(199,163)	(199,163)		(199,163)
Net loss						(3,306,468)		(3,306,468)	(17,272)	(3,323,740)
Balance as of March 31, 2025	381,430	$ 381			286,815,806	(266,775,196)	(182,283)	$ 19,858,709	$ 2,047,644	$ 21,906,352
Conversion of debt to equity	35,064	35			1,646,777			1,646,812		1,646,812
Stock issued in lieu of cash	36,640	37			1,720,786			1,720,823		1,720,823
Conversion of convertible debt to common stock	10,143	10			476,388			476,398		476,398
Other comprehensive income							229,718	229,718		229,718
Prior period adjustment						(340,367)		(340,367)	(1,166,154)	(1,506,521)
Net loss						(3,878,027)		(3,878,027)	(35,262)	(3,913,289)
Balance as of June 30, 2025	463,277	$ 463			290,659,757	(270,993,590)	47,435	$ 19,714,066	$ 846,228	$ 20,560,294
Balance as of December 31, 2025	982,975	$ 983			$307,018,667	(286,556,363)	311,932	$ 20,775,219	$ 222,275	$ 20,997,494
Conversion of debt to equity	62,586	63			183,615			183,678		183,678
Stock issued in lieu of cash	504,592	505			2,482,567			2,483,072		2,483,072
Proceeds from direct placement of common stock	349,980	350			1,714,550			1,714,900		1,714,900
Sales of common stock to public shareholders	230,014	230			1,196,614			1,196,844		1,196,844
Shares issued for acquisition	352,207	352	(48,337)	(48)	21,270,866			21,271,170		21,271,170
Shares issued under stock purchase agreement	300,680	300			1,636,416			1,636,716		1,636,716
Prior period adjustment						(245,278)		(245,278)		(245,278)
Other comprehensive loss							(2,129,257)	(2,129,257)		(2,129,257)
Noncontrolling interest									24,305,489	24,305,489
Net loss						(3,539,667)		(3,539,667)	394,756	(3,144,911)
Balance as of March 31, 2026	2,783,034	2,783	(48,337)	(48)	335,503,295	(290,341,308)	(1,817,325)	43,347,397	24,922,520	68,269,917
Stock issued in lieu of cash	154,207	154			1,213,129			1,213,283		1,213,283
Sales of common stock to public shareholders	295,912	296			1,216,097			1,216,393		1,216,393
Other comprehensive loss							769,666	769,666		769,666
Net loss						(2,458,658)		(2,458,658)	(827,742)	(3,286,400)
Balance as of June 30, 2026	3,233,153	$ 3,233	(48,337)	(48)	337,932,522	(292,799,966)	(1,047,659)	$44,088,081	$ 24,094,778	$68,182,859

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

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the Six Months Ended June 30, 2026 and 2025

	Six Months Ended June 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss attributable to SEGG Media	$ (7,946,123)	$ (6,921,518)
Adjustments to reconcile net income to net cash used in operating activities:		
Income (loss) attributable to noncontrolling interest	892,894	52,534
Depreciation and amortization	2,196,952	1,837,982
Common stock granted for compensation and as payment in lieu of cash payments for accrued liabilities	3,696,355	3,149,806
Changes in assets and liabilities:		
Accounts receivable	(94,223)	(86,322)
Prepaid expenses	(652,323)	(6,356)
Inventory	(2,285)	-
Other current assets	536,260	-
Other long-term assets	(542,550)	22,163
Trade payables	80,955	467,455
Accrued and other expenses, net of acquisitions	(3,618,502)	673,547
Write-off of time barred accounts payable & accrued liabilities	(4,848,438)	-
Deferred revenue	2,235	(53,571)
Other liabilities	(79,457)	(128,163)
Net cash provided by (used in) operating activities	**(10,378,250)**	**(992,443)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	14,671	-
Payments made as deposits made for acquisitions	-	(858,314)
Proceeds from collection of note receivable	-	250,000
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**14,671**	**(608,314)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock purchase agreement	1,636,717	1,612,613
Proceeds from issuance of convertible notes	6,180,000	522,832
Repayments of convertible debt	(2,304,837)	-
Proceeds (payments) from exercise of options and warrants	-	(261,393)
Proceeds from direct placement	1,714,900	-
Proceeds from sale of common shares to public investors	2,413,818	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**9,640,598**	**1,874,052**
Net effect of exchange rate changes on Cash	1,264,334	(78,762)
NET CHANGE IN NET CASH AND RESTRICTED CASH	541,353	194,533
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	171,524	68,035
CASH AND RESTRICTED CASH - END OF PERIOD	**$ 712,877**	**$ 262,568**
Supplemental Disclosure of Cash Flow Information:		
Interest paid in cash	$	$ -
Taxes paid in cash	$	$ -
Supplemental non-cash investing and financing activities:		
Conversion of convertible debt to equity	183,677	1,335,500
Non-cash retirement of liabilities through issuance of notes payable	2,003,830	-
Future consideration payable for acquisition	15,107,412	1,500,000
Common stock issued as part of acquisition consideration	21,271,218	-
Noncontrolling interest in subsidiaries acquired during period	25,084,555	-

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

Note 1. Nature of Operations

Sports Entertainment Gaming Global Corporation ("SEGG" or the "Company"), doing business as SEGG Media, is a Delaware corporation originally incorporated on March 17, 2016 as Trident Acquisitions Corp. ("Trident"). On October 29, 2021, the Trident completed a business combination with AutoLotto, Inc. ("AutoLotto"), which became its primary operating subsidiary and the Company was renamed Lottery.com Inc. In July 2022, the Company substantially curtailed its operations due to liquidity constraints and subsequently undertook a restructuring of its business. While operations of the lottery business in the United States were halted, respective subsidiaries, providing data services, and lottery activities in Mexico continued to operate. Since that time, the Company has reestablished certain operations, completed strategic acquisitions, expanded its portfolio of operating businesses, and continued implementing initiatives designed to strengthen its financial reporting processes and corporate governance framework.

Effective January 27, 2026, the Company changed its corporate name from Lottery.com Inc. to Sports Entertainment Gaming Global Corporation to reflect the Company's expanded business activities across sports, entertainment, media, gaming, and technology. Following the acquisition of Veloce Esports Limited, a company organized under the laws of England and Wales and doing business as Veloce Media Group, as reported in an 8-K dated February 17, 2026, the Company currently operates a diversified portfolio of businesses spanning digital media, sports, entertainment, gaming and technology.

Veloce Media Group, which consists of Veloce eSports, Quadrant, and Veloce Racing, is a digital media business focused on sports, motorsports, gaming, and entertainment that generates revenue through digital advertising, sponsorships, commercial partnerships, platform monetization, content production and licensing, as well as sales of branded merchandise, talent management, and related media activities ("Veloce"). While benefiting from the Company's broader strategic, commercial and capital allocation initiatives, Veloce continues to operate as a standalone business within the Company's portfolio.

As previously noted, the accompanying condensed consolidated financial statements include the results of Veloce only from the February 17, 2026 acquisition date.

Following the Veloce acquisition, the Company conducts its operations through the following principal business activities:

- Digital Media and Consumer Brands. The Company owns and operates digital media businesses and consumer brands and related digital properties that generate revenue from digital advertising, sponsorships, content production and licensing, branded merchandise, and other-related media activities. These operations include Veloce's and the Company's portfolio of consumer brands, including Sports.com, Concerts.com, and Lottery.com.

- Gaming Operations. The Company operates lottery, gaming and related interactive entertainment businesses, including business-to-consumer lottery operations in Mexico and related gaming initiatives in jurisdictions where permitted by applicable law.

- Data Services and Technology**.** The Company develops and licenses proprietary technology, data products, application programming interfaces ("APIs"), analytics, and related digital services that support both the Company's internal operations and third-party customers.

Polymarket Technology Partnership

On April 28, 2026, the Company entered into a technology partnership and integration agreement with Polymarket to exclusively power Sports.com Predict, the Company's sports prediction market platform, ahead of the 2026 FIFA World Cup. Under the arrangement, the Company and Polymarket participate in a transaction-based revenue share on trades executed through the platform. *See Part I, Item 2, "Current Plan of Operations - Sports.com Predict."* Unless earlier terminated in accordance with its terms, the agreement remains in effect through June 30, 2029.

Regulatory Environment

The Company operates in industries that are subject to a variety of federal, state, local, and international laws and regulations. Certain of the Company's operations, including its lottery and gaming activities, are subject to licensing, regulatory oversight, and other legal requirements in the jurisdictions in which they operate. In addition, the Company's businesses are subject to laws and regulations relating to advertising, consumer protection, data privacy, intellectual property, artificial intelligence, information security, e-commerce, employment, and other matters applicable to digital media and technology businesses.

The Company's operations span multiple jurisdictions, and changes in applicable laws, regulations, licensing requirements, or governmental policies may affect the manner in which certain of its businesses are conducted. Management monitors applicable legal and regulatory developments and modifies the Company's operations as appropriate to maintain compliance with applicable requirements.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026 or any other period. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2025 included in the Company's Annual Report on Form 10-K, as such statements will be amended as described in Note 3, Restatement of Previously Issued Financial Statements. As described in Note 3, the comparative prior-period amounts presented in these condensed consolidated financial statements reflect the correction of the errors described in Note 3 and may differ from amounts previously reported for the same periods.

The Company has effected three reverse stock splits of its common stock: a 1-for-20 reverse stock split effective August 9, 2023, a 1-for-10 reverse stock split effective August 28, 2025, and a 1-for-7 reverse stock split effective July 31, 2026 (collectively, the "Reverse Stock Splits"). All share and per-share amounts in these condensed consolidated financial statements and the accompanying notes have been retroactively adjusted to reflect the Reverse Stock Splits for all periods presented. These amounts include shares outstanding, weighted average shares, net loss per share, and the number of shares issuable under, and the exercise or conversion prices of, outstanding warrants, options and convertible instruments. The Reverse Stock Splits did not change the par value of the common stock ($0.001 per share) or the number of authorized shares.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and classification of liabilities and commitments in the normal course of business. The accompanying consolidated financial statements do not reflect any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classifications of liabilities that might result if the Company is unable to continue as a going concern.

Pursuant to the requirements of the Financial Accounting Standards Board's ASC Topic 205-40, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date these financial statements are issued. This evaluation does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the financial statements are issued. When substantial doubt exists under this methodology, management evaluates whether the mitigating effect of its plans sufficiently alleviates substantial doubt about the Company's ability to continue as a going concern. The mitigating effect of management's plans, however, is only considered if both (1) it is probable that the plans will be effectively implemented within one year after the date that the financial statements are issued, and (2) it is probable that the plans, when implemented, will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued.

In July 2022, the Company substantially curtailed its operations. Subsequently, the Company has reestablished operations, completed strategic acquisitions, and expanded its portfolio of operating businesses. The Company has experienced recurring net losses and negative cash flows from operations and has an accumulated deficit of approximately $292.8 million on June 30, 2026. For the six months ended June 30, 2026, which included results of operations for Veloce from the acquisition on February 17 through June 30, the Company incurred a net loss of $6.0 million. For the year ended December 31, 2025, the Company reported a net loss of $19.7 million. The Company anticipates additional operating losses for the next twelve months.

The Company has historically funded its activities almost exclusively from debt and equity financing. Management's plans in order to meet its operating cash flow requirements include financing activities such as private placements of its common stock, preferred stock offerings, and issuances of debt and convertible debt. Management believes that it will be able to continue to raise funds by sale of its securities or by issuing convertible debt obligations to provide the additional cash needed to meet the Company's obligations as they become due. Despite the Company's historical record for funding activities from debt and equity financing and Management's belief that it will be able to continue to raise funds from similar activities, in accordance with ASC 205-40, management must evaluate whether conditions and events, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. As such, Management concluded that substantial doubt exists.

Impact of Trident Acquisitions Corp. Business Combination

We accounted for the October 29, 2021 Business Combination as a standard Special Purpose Acquisition Company (SPAC) transaction reverse recapitalization whereby AutoLotto was determined as the accounting acquirer and Trident Acquisitions Corp. ("Trident") as the accounting acquiree. This determination was primarily based on:

- former AutoLotto stockholders having the largest voting interest in Sports Entertainment Gaming Global Corporation f/k/a Lottery.com. Inc. ("SEGG Media");
- the board of directors of AutoLotto (now SEGG Media) having seven members, and AutoLotto's former stockholders having the ability to nominate the majority of the members of the board of directors;
- AutoLotto management continuing to hold executive management roles for the post-combination company and being responsible for the day-to-day operations;
- the post-combination company assuming the Lottery.com name (now SEGG Media);
- the post-combination business maintaining the pre-existing AutoLotto headquarters; and the intended strategy of the Company being a continuation of AutoLotto's strategy; and
- As is standard with a reverse merger into a SPAC, AutoLotto did not undergo a change of control during or resulting from the Business Combination with Trident.

Accordingly, the Business Combination was treated as the equivalent of AutoLotto issuing stock for the net assets of Trident, accompanied by a recapitalization. The net assets of Trident are stated at historical cost, with no goodwill or other intangible assets recorded.

While Trident was the legal acquirer in the Business Combination, because AutoLotto was determined as the accounting acquirer, the historical financial statements of AutoLotto became the historical financial statements of the combined company, upon the consummation of the Business Combination. As a result, the financial statements included in the accompanying consolidated financial statements reflect (i) the historical operating results of AutoLotto prior to the Business Combination; (ii) the combined results of the Company and AutoLotto following the closing of the Business Combination; (iii) the assets and liabilities of AutoLotto at their historical cost; and (iv) the Company's equity structure for all periods presented.

In connection with the Business Combination transaction, we have converted the equity structure for the periods prior to the Business Combination to reflect the number of shares of the Company's common stock issued to AutoLotto's stockholders in connection with the recapitalization transaction. As such, the shares, corresponding capital amounts and earnings per share, as applicable, related to AutoLotto convertible preferred stock and common stock prior to the Business Combination have been retroactively converted by applying the exchange ratio established in the Business Combination.

Non-controlling Interest

Non-controlling interest represents the proportionate minority ownership of Aganar and JuegaLotto, Dotcom Ventures, and Veloce, held by minority members and reflects their capital investments as well as their proportionate interest in subsidiary income or losses and other changes in members' equity, including translation adjustments.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available and is regularly reviewed by the Company's chief operating decision maker ("CODM") to allocate resources and assess performance in accordance with ASC 280 – Segment Reporting. We determined that our Chief Financial Officer is the Chief Operating Decision Maker ("CODM").

Historically, the Company has operated as a single-reporting unit focused on its lottery and gaming platform, and its organizational structure, internal reporting systems, and resource allocation processes were aligned accordingly. As a result, the Company previously operated as one operating and reportable segment.

Following the Company's strategic transformation and expansion into a broader sports, entertainment, and gaming ecosystem, including the development and monetization of Sports.com and related media, technology, and experiential assets, the Company is in the process of evolving its internal reporting structure to reflect these distinct business activities.

As of the reporting date, the CODM continues to evaluate financial performance and allocate resources on a consolidated basis; however, management is actively assessing whether the Company's emerging business lines—principally gaming, sports media, and entertainment—meet the criteria for separate operating and reportable segments under ASC 280.

The Company expects that, as these business verticals continue to scale and discrete financial information becomes more routinely reviewed by the CODM, it may present disaggregated segment information in future filings.

Concentration of Credit Risks

Financial instruments that are potentially subject to concentrations of credit risk are primarily cash. Cash holdings are placed with major financial institutions deemed to be of high-credit-quality in order to limit credit exposure. The Company maintains deposits and may occasionally hold certificates of deposit with banks which may exceed the Federal Deposit Insurance Corporation ("FDIC") insured limit and may from time to time have money in money market or other accounts which are not FDIC insured. In addition, deposits aggregating approximately $111,020 on October 8, 2026 were held in foreign banks. Management believes the risk of loss in connection with these accounts is minimal.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates its estimates on an ongoing basis and prepares its estimates on historical experience and other assumptions the Company believes to be reasonable under the circumstances.

Reclassifications

Certain balances have been reclassified in the accompanying consolidated financial statements to conform to presentation for the current year. These reclassifications had no effect on the balances of current or total assets or liabilities and prior year's net loss or accumulated deficit.

Foreign currency translation

Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. Dollars are translated into U.S. Dollars using end of period exchange rates. Sales, costs and expenses are translated at the average exchange rates in effect during the respective accounting period. For Global Gaming, translations are from Mexican Pesos [MXN] to U.S. Dollars. For Sports.com Media and Veloce translations are from British Pounds [GBP] to U.S. Dollars. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income (loss).

Solely for the convenience of the reader, U.S. dollar equivalents of British pound–denominated transactions are translated from British Pounds (£) to U.S. Dollars ($) at the rate of exchange as quoted by OFX on June 30, 2026 ($1=£0.7545) for balance sheet amounts and at the average rate of exchange during the period for income and expense amounts ($1=£0.7452). Examples, see related party loans and notes disclosed in Note 10, Notes Payable and Convertible Debt, and Note 15, Related Party Transactions.

Cash and Restricted Cash

As of June 30, 2026 and December 31, 2025, cash was comprised of cash deposits. From time-to-time cash deposits with some banks may exceed federally insured limits with the majority of cash held in one financial institution. Management believes all financial institutions holding its cash are of high credit quality and does not believe the Company is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company had no marketable securities as of June 30, 2026 and December 31, 2025.

Accounts Receivable

Historically, the Company, through its various merchant providers, pre-authorized forms of payment prior to the sale of digital representation of lottery games to minimize exposure to losses related to uncollected payments and did not extend credit to the user of the B2C Platform or the commercial partner of the B2B API, which are its customers, in the normal course of business. The Company estimates its bad debt exposure each period and records a bad debt provision for accounts receivable it believes it may not collect in full. In the fall of 2024, the Company completed a project whereby certain older items in accounts receivable for the TinBu subsidiary were offset against the allowance for uncollectible receivables, resulting in a reduction in the number of individual items in accounts receivable which were aged greater than 90 days and the total amount for those items. At the completion of this project, the balance in the allowance for uncollectible receivables on December 31, 2024 was $33,000.

In the Fall of 2025, the Company completed a similar project and offset older items in accounts receivable for the TinBu subsidiary against the allowance for uncollectible receivables. Approximately $55,000 representing individual items aged greater than 90 days was written off against the allowance leaving approximately $8,000 aged greater than 90 days in accounts receivable and reducing the allowance for uncollectable receivables to $0 at December 31, 2025. The Company increased its allowance for uncollectible receivables to $5,000 as of March 31, 2026 and subsequently increased it by an additional $15,000 resulting in a balance for the allowance of $20,000 as of June 30, 2026.

Credit Losses on Accounts Receivable and Contract Assets

The Company measures expected credit losses on its current accounts receivable and current contract assets in accordance with ASC Topic 326, Financial Instruments—Credit Losses. Effective January 1, 2026, the Company adopted ASU 2025-05, Measurement of Credit Losses for Accounts Receivable and Contract Assets, on a prospective basis. In connection with the adoption of this standard, the Company elected to apply the current-conditions practical expedient to all eligible short-term trade receivables and contract assets. Under this expedient, the Company measures the allowance for credit losses by assuming that economic conditions existing at the balance sheet date will remain constant over the remaining brief life of these assets. Accordingly, the Company is not required to develop or incorporate forward-looking macroeconomic forecasts into its credit loss model for these current assets. The adoption of this standard did not have a material impact on the Company's consolidated financial statements or opening retained earnings.

Inventory

In connection with the Company's acquisition of Veloce on February 17, 2026 *(see Note 4, Business Combination and Acquisitions)*, the Company's consolidated balance sheet now includes inventory, held by Quadrant, a Veloce business that sells motorsports- and esports-related branded merchandise. Quadrant Esports Limited continues to operate as a standalone business following the acquisition; inventory has been incorporated into the Company's consolidated financial reporting for GAAP consolidation purposes.

Inventory consists primarily of finished merchandise held for sale and is stated at the lower of cost or net realizable value, with cost determined using the FIFO accounting method. The Company reviews inventory for excess, slow-moving, or obsolete items and records a reserve when the carrying value exceeds estimated net realizable value.

As of June 30, 2026, inventory consisted of $226,227 in finished goods.

Prepaid Expenses [primarily] for Advertising Credits

Prepaid expenses consist primarily of payments made on contractual obligations for services to be consumed in future periods. The Company entered into an agreement with two third parties to provide advertising services and issued equity instruments as compensation for the advertising services ("Prepaid advertising credits"). The Company expenses the service as it is performed by the third parties. The value of the services provided have been used to value these contracts. For the year ended December 31, 2021 the Company reserved for potential inability to realize $2,000,000 of prepaid advertising credits in future periods. For the period ending December 31, 2024, the Company determined that an estimated $4,745,000 of prepaid advertising credits purchased during 2017 and 2018 might not be able to be fully utilized. As a result, the Company decreased prepaid expenses by $4,745,000 and increased its reserve for loss of prepaid advertising credits by $4,745,000 for the year ended December 31, 2024. Similarly, for the period ending December 31, 2025, the Company determined that an estimated $5,688,000 of prepaid advertising credits purchased during 2017 and 2018 might not be able to be fully utilized. As a result, the Company decreased prepaid expenses by $5,688,000 and increased its reserve for loss of prepaid advertising credits by $5,688,000 for the year ended December 31, 2025. Sponsorship fees paid in advance of the time period or the series of events covered by the agreement are recorded as prepaid sponsorship fees. The value of prepaid sponsorship fees at June 30, 2026 was $578,175. Prepaid expenses are included in current assets on the consolidated balance sheets. The Company had total remaining prepaid expenses of $9,505,690 and $8,634,275 as of June 30, 2026 and December 31, 2025, respectively.

Investments

On August 2, 2018, AutoLotto purchased 186,666 shares of Class A-1 common stock of a third-party business development partner representing 4% of the total outstanding shares of the company. As this investment resulted in less than 20% ownership, it was accounted for using the cost basis method.

Veloce eSports Ltd. owns an entity in RAK which is registered in Ras Al Khaimah. The entity, which is expected to be utilized for Veloce's Web3 initiatives, and has had no operating activity to date, is also accounted for on the cost basis method.

Property and equipment, net

Property and equipment are stated at cost. Depreciation and amortization are generally computed using the straight-line method over estimated useful lives ranging from three to five years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset. Routine maintenance and repair costs are expensed as incurred. The costs of major additions, replacements and improvements are capitalized. Gains and losses realized on the sale or disposal of property and equipment are recognized or charged to other expense in the consolidated statement of operations.

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Computers and equipment	3-4 years
Furniture and fixtures	4-5 years
Software	3-4 years

Leases

Right-of-use assets ("ROU assets") represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Variable lease payments are not included in the calculation of the right-of-use asset and lease liability due to uncertainty of the payment amount and are recorded as lease expense in the period incurred. As most of the leases do not provide an implicit rate, the Company used its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Otherwise, the implicit rate was used when readily determinable. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Under the available practical expedient, the Company accounts for the lease and non-lease components as a single lease component for all classes of underlying assets as both a lessee and lessor. Further, management elected a short-term lease exception policy on all classes of underlying assets, permitting the Company to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less).

Internal Use Software Development and Digital Assets

Software development costs incurred internally to develop software programs and digital assets to be used solely to meet our internal needs and applications are capitalized once the preliminary project stage is complete and it is probable that the project will be completed and the software or digital asset will be used to perform the intended function. Additionally, we capitalize qualifying costs incurred for upgrades and enhancements to existing software and digital assets that result in additional functionality. Costs related to preliminary project planning activities, post-implementation activities, maintenance and minor modifications are expensed as incurred. Internal-use software and digital asset development costs are amortized on a straight-line basis over the estimated useful life of the software.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of assets acquired over the fair value of the net assets at the date of acquisition. Intangible assets represent the fair value of separately recognizable intangible assets acquired in connection with the Company's business combinations. The Company evaluates its goodwill and other intangibles for impairment on an annual basis or whenever events or circumstances indicate that an impairment may have occurred in accordance with the provisions of ASC 350, "*Goodwill and Other Intangible Assets*".

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company identifies the contract with the customer and the performance obligations contained in the contract, determines the transaction price, allocates the transaction price to the performance obligations based on their relative standalone selling prices, and recognizes revenue when, or as, each performance obligation is satisfied.

The Company's principal sources of revenue include digital media and advertising services, sponsorships and commercial partnerships, content production and licensing, merchandise sales, lottery and gaming operations, and data services.

Digital Media, Advertising, Sponsorship and Platform Monetization Revenue

Digital media revenue is generated through advertising placements, sponsorship agreements, branded content, commercial partnerships, platform monetization, and other media-related services across the Company's owned and operated digital platforms.

Advertising, sponsorship, and branded content revenues are generally recognized over time as advertising impressions are delivered, sponsorship rights are fulfilled, or contractual performance obligations are satisfied. Where performance obligations are satisfied at a point in time, revenue is recognized when control of the promised service transfers to the customer.

The Company also earns revenue from third-party digital platforms that monetize content based on audience engagement and other performance-based metrics, including advertising views, impressions, watch time, and similar measures. These arrangements generally include variable consideration. The Company estimates variable consideration using the expected amount or most likely amount method, as appropriate under the circumstances, and includes such amounts in the transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimates are updated each reporting period as additional information becomes available.

Contracts containing multiple performance obligations are evaluated individually, and the transaction price is allocated to each performance obligation based on their relative standalone selling prices.

Content Production and Licensing

The Company generates revenue from the production, distribution, licensing, and commercialization of original digital content and other intellectual property.

Revenue from content production services is generally recognized over time as services are performed or at the point in time when the contracted deliverable has been completed and accepted by the customer, depending upon the terms of the underlying agreement.

Revenue from licensing intellectual property is recognized based on the nature of the license granted. Functional licenses are generally recognized at the point in time control transfers to the customer, while symbolic licenses that require the Company to support or maintain the underlying intellectual property throughout the license term are recognized over the contractual term.

Merchandise and Consumer Products

The Company generates revenue from the sale of branded merchandise, apparel, consumer products, and related products through owned and third-party sales channels.

Revenue is recognized at the point in time when control of the product transfers to the customer, which generally occurs upon shipment or delivery, depending upon the applicable contractual terms. The Company records estimates for product returns, discounts, and other variable consideration, where applicable, based on historical experience and expected future activity.

Lottery and Gaming Revenue

Lottery and gaming revenue primarily consists of lottery game sales and related gaming services.

The Company's performance obligation is satisfied when the lottery game or other gaming product is delivered to the customer. Revenue is recognized at the point in time when control transfers to the customer.

Management evaluates each revenue stream to determine whether the Company acts as principal or agent in accordance with ASC 606. In making this determination, the Company considers, among other factors, whether it controls the specified good or service before transfer to the customer, is primarily responsible for fulfilling the promise to provide the good or service, bears inventory or fulfilment risk, and has discretion in establishing pricing. Where the Company concludes that it acts as principal; revenue is presented on a gross basis. Where the Company acts as an agent, revenue is presented on a net basis.

Data Services

Data services revenue is generated through subscription-based access to proprietary data, data licensing arrangements, and the sale of certain data products.

Subscription revenue is recognized ratably over the contractual subscription period as customers receive and consume the benefits of the service. Revenue associated with data delivered at a specific point in time is recognized upon delivery of the contracted data set to the customer.

Arrangements with Multiple Performance Obligations

Certain customer contracts contain multiple performance obligations. In these arrangements, the Company allocates the transaction price to each performance obligation based on its relative standalone selling price. Standalone selling prices are generally determined based on observable prices charged to customers for similar goods or services.

Deferred Revenue

Deferred revenue represents amounts billed or collected from customers in advance of the Company's satisfaction of the related performance obligations and is recognized as revenue as those obligations are satisfied.

Payment terms vary depending upon the nature of the products or services that are provided and the terms negotiated with individual customers. The period between invoicing and payment is less than one year.

Contract Assets

The Company generally does not recognize contract assets because its rights to consideration are typically unconditional upon satisfying its performance obligations.

Taxes

Taxes assessed by governmental authorities that are both imposed on and concurrent with specific revenue-producing transactions, and that are collected from customers, are excluded from revenue.

Cost of Revenue

Cost of revenue consists primarily of the direct costs incurred in generating the Company's digital media, advertising, sponsorship, platform monetization, content production, merchandise, data services, and gaming revenues. These costs include content creation and media production expenses, talent and rights-related costs, advertising fulfilment costs, revenue-sharing arrangements, merchandise costs, data acquisition costs, platform hosting and technology expenses, payment processing fees, affiliate commissions, and payments to gaming partners and lottery providers, as applicable. Cost of revenue is recognized in the period in which the related revenue is recognized or expected to be recognized, which may result in recording Deferred Costs in order to match them with recognition of related revenue. Variable costs, including revenue-sharing arrangements, platform monetization fees, commissions, and other direct costs, are recognized concurrently with the related revenue.

Stock-based Compensation

Effective October 1, 2019, the Company adopted ASU 2018-07, *Compensation - "Stock Compensation (Topic 718): Improvements to Nonemployee Share-based Payment Accounting"* ("ASC 718"), which addresses aspects of the accounting for nonemployee share-based payment transactions and accounts for share-based awards to employees in accordance with ASC 718, *Stock Compensation*. Under this guidance, stock compensation expense is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the estimated service period (generally the vesting period) on the straight-line attribute method.

Income Taxes

For both financial accounting and tax reporting purposes, the Company reports income and expenses based on the accrual method of accounting.

For federal and state income tax purposes, the Company reports income or loss from their investments in limited liability companies on the consolidated income tax returns. As such, all taxable income and available tax credits are passed from the limited liability companies to the individual members. It is the responsibility of the individual members to report the taxable income and tax credits, and to pay any resulting income taxes. Therefore, the income and losses incurred by the limited liability companies have been consolidated in the Company's tax return and provision based upon its relative ownership.

Income taxes are accounted for in accordance with ASC 740, "*Income Taxes*" ("ASC 740"), using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related benefit will not be realized.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (i) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position; and (ii) for those tax positions that meet the more likely than not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there has been no interest or penalties charged in relation to the unrecognized tax benefits.

Generally, the taxing authorities can audit the previous three years of tax returns and in certain situations audit additional years. For federal tax purposes, based on filing dates, the Company's 2020 through 2025 tax years generally remain open for examination by the tax authorities under the normal three-year statute of limitations. Similarly, for state tax purposes, based on filing dates, the Company's 2020 through 2025 tax years remain open for examination by the tax authorities under the normal four-year statute of limitations.

Fair Value of Financial Instruments

The Company determines the fair value of its financial instruments in accordance with the provisions of ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 - Valuation is generated from model-based techniques that use significant assumptions which are not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available.

The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

Fair value of stock options and warrants

Management uses the customary Black-Scholes option-pricing model to calculate the fair value of stock options and warrants. Use of this method requires management to make assumptions and estimates about the expected life of options and warrants, anticipated forfeitures, the risk-free rate, and the volatility of the Company's share price. In making these assumptions and estimates, management relies on historical market data.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires enhanced disclosures regarding significant segment expenses and other segment items for entities that report segment information under ASC 280. The amendments do not change the definition of a segment, the method for determining reportable segments, or the criteria for aggregating operating segments. The Company adopted the annual disclosure requirements of ASU 2023-07 effective January 1, 2024, and adopted the interim disclosure requirements effective January 1, 2026. The adoption did not have a material impact on the Company's consolidated financial statements, but required expanded segment disclosures, including in the interim periods covered by this Report.

Historically, the Company has operated as a single-reporting unit focused on its lottery and gaming platform, and its organizational structure, internal reporting systems, and resource allocation processes were aligned accordingly. As a result, the Company previously operated as one operating and reportable segment.

Following the Company's strategic transformation and expansion into a broader sports, entertainment, and gaming ecosystem, including the development and monetization of Sports.com and related media, technology, and experiential assets, the Company is in the process of evolving its internal reporting structure to reflect these distinct business activities.

As of the reporting date, the CODM continues to evaluate financial performance and allocate resources on a consolidated basis; however, management is actively assessing whether the Company's emerging business lines—principally gaming, sports media, and entertainment—meet the criteria for separate operating and reportable segments under ASC 280.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires expected credit losses on financial assets held at the reporting date to be measured based on historical experience, current conditions, and reasonable and supportable forecasts. The Company adopted ASU 2016-13 effective January 1, 2023. The adoption did not have a material impact on the Company's consolidated financial statements or related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires enhanced income tax disclosures, including additional information in the effective tax rate reconciliation and expanded disclosures of income taxes paid. ASU 2023-09 was effective for the Company's annual reporting period beginning January 1, 2025. The adoption did not have a material impact on the Company's consolidated financial statements or related disclosures for 2025. The Veloce acquisition may result in additional future disclosures regarding taxes paid [federal, state, and foreign] and breakdown of pretax income and tax expense [domestic and foreign].

The FASB issued ASU 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which clarifies, and broadens, the circumstances under which a settlement of convertible debt should be accounted for as an induced conversion rather than an extinguishment. ASU 2024-04 is effective for the Company's annual and interim reporting periods beginning January 1, 2026. The initial adoption did not have a material impact on the Company's consolidated financial statements.

The FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which is effective for the Company's annual and interim reporting periods beginning January 1, 2026.

Recent Accounting Pronouncements Not Yet Adopted

None

Restatement of Previously Issued Financial Statements

As referenced in the Explanatory Note *(supra)* and further described in Note 3 *(infra)* of this Report, the Company has identified errors in previously issued financial statements relating to certain historical transactions (referred to herein as Legacy Transactions) that predate the Company's October 2021 business combination. The Company accounts for the correction of these errors in accordance with FASB Accounting Standards Codification Topic 250, Accounting Changes and Error Corrections, which requires that identified errors be evaluated to determine whether they are material to any previously issued financial statements. Errors determined to be material to previously issued financial statements are corrected through a restatement of those financial statements; errors determined not to be material to previously issued financial statements are corrected in the financial statements for the period in which they are identified or, as applicable here, through amendment as described in Note 3.

Note 3 - Restatement of Previously Issued Financial Statements

Background

Sports Entertainment Gaming Global Corporation ("SEGG" or the "Company"), formerly known as Lottery.com Inc. ("Lottery"), and prior to its business combination with the special purpose acquisition company Trident Acquisitions Corp. ("Trident") in October 2021, has identified two related historical, connected transactions from 2020 and 2021 (the "Legacy Transactions") that predate the Company's business combination and the tenure of its current executive management team and Board of Directors, which resulted in material errors in the financial statements for 2020, 2021 and 2022. The Legacy Transactions were planned and executed by Vadim Komissarov, Trident's former Chief Executive Officer ("Komissarov"), with the assistance of Lawrence Anthony DiMatteo, Lottery's co-founder and former Chief Executive Officer, Matthew Clemenson, Lottery's co-founder and former Chief Revenue Officer, and Ryan Dickinson, Lottery's former President and Chief Financial Officer (collectively, the "Lottery Former Executives"). On June 24, 2026, Komissarov was sentenced to three years in prison for, among other things, his involvement in the Legacy Transactions. Clemenson and Dickinson pleaded guilty on May 22, 2025, for, among other things, their involvement in the Legacy Transactions, and currently await sentencing. The internal inquiry concluded that none of the Company's current officers or directors had any involvement in the Legacy Transactions, and no individual who participated in the Legacy Transactions is currently employed by or engaged with the Company in any capacity.

Between July 15, 2026 and August 7, 2026, the Company obtained sworn testimony given in depositions of Dickinson and of Datassure's former Chief Executive Officer, Jeffery Sparrow, taken in a matter unrelated to the Legacy Transactions (the "Depositions"). Based on the testimony given in the Depositions, together with additional information obtained through a subsequent inquiry conducted by the Company's current Chief Financial Officer and Chief Operating Officer (collectively, the "New Information"), the Company's current management determined that, in December 2020, Komissarov instructed the Lottery Former Executives to record a $9,000,000 transaction with Datassure as revenue and cash, notwithstanding that AutoLotto was unable to possess, access, or transfer those funds, which were instead held in a restricted escrow account at Boston Law Group P.C., a Massachusetts law firm. The New Information indicates that the restricted funds held in escrow belonged to an acquaintance of Komissarov and that, pursuant to a series of escrow reports provided by Boston Law Group, AutoLotto purportedly received $9,000,000 for selling customer data to Datassure and then used that $9,000,000, together with other consideration, to fund AutoLotto's acquisition of Global Gaming Enterprises, Inc. ("Global Gaming") from Pan European Associates, S.R.O., a Czech company created by Komissarov ("Pan Euro"), thereby returning the $9,000,000 to its original source, an acquaintance of Komissarov's. At Komissarov's direction and with his participation, the Lottery Former Executives recorded the revenue and cash transaction in December 2020, recorded related revenue transactions in the first and second quarters of 2021, and overstated the price paid for the June 30, 2021 acquisition of Global Gaming as $10,572,674, creating supporting books and records that caused both transactions to appear bona fide.

Consequences of the Errors

As a result of the Legacy Transactions, the Company has determined that its previously issued financial statements contain the following errors: (i) an overstatement of revenue, deferred revenue and cash in the fourth quarter of 2020 arising from the improper recognition of the $9,000,000 Datassure transaction, notwithstanding that the underlying funds were never available to the Company; (ii) an overstatement of revenue recognized in the first and second quarters of 2021 arising from related transactions; and (iii) an overstatement of the purchase price recorded for the Company's June 30, 2021 acquisition of Global Gaming, with resulting overstatements of goodwill and identifiable intangible assets recognized in that acquisition and of the amortization and impairment expense recognized on those assets in subsequent periods.

Restatement Determination and Affected Periods

In consultation with management and the Company's independent registered public accounting firm, on October 5, 2026, the Company's Audit Committee determined that:

- the effects of correcting these errors are most significant for the years in which they occurred; as a result the Company's Annual Report on Form 10-K/A for the year ended December 31, 2021, its Annual Report on Form 10-K for the year ended December 31, 2022, and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022 (collectively, the "Affected Reports") should no longer be relied upon and require restatement; and

- the Company's financial statements for the years ended December 31, 2023, December 31, 2024, and December 31, 2025, and the interim periods within those years (collectively, the "Correction Periods"), require correction to reflect the effects of the Legacy Transactions, but do not have the same reliability concerns because effects of correcting the errors are much less significant in subsequent accounting periods, will result in lower restated amounts for losses and accumulated deficit, and would not significantly alter a reasonable investor's assessment of the Company's financial condition or results of operations for those periods.

The Company intends to restate the Affected Reports by amendment. It also intends to amend its filings for the Correction Periods, so that every previously filed report affected by the Legacy Transactions is refiled to reflect the corrections.

Effect of the Restatement and Correction on the Company's Financial Statements

The Company expects the restatement of the Affected Reports to: decrease previously reported revenue, deferred revenue, and cash at December 31, 2020; decrease revenue reported for the quarters ended March 31, 2021 and June 30, 2021; increase accumulated deficit reported at December 31, 2020 and 2021; decrease goodwill, intangible assets, and total assets at December 31, 2021 and in all subsequent reporting periods; and decrease amortization expense associated with the Global Gaming intangible assets for all reporting periods after December 31, 2021. The Company expects these corrections to increase previously reported net loss for the years ended December 31, 2020 and December 31, 2021, with the most significant effects on the Company's balance sheet and results of operations occurring in those two years.

For the Correction Periods, the Company expects to remove impairment expense associated with Global Gaming that was previously recorded but is no longer required due to the lower carrying values of the Global Gaming assets resulting from the correction. This is expected to decrease previously reported operating losses and result in lower accumulated deficit for each of the years and interim periods after December 31, 2021 through and including December 31, 2025.

Based on the Company's evaluation, the errors underlying the Legacy Transactions relate to historical, accounting entries and are not expected to affect the Company's cash position or liquidity for any period presented in this Report.

Quantitative Impact

The following table presents the estimated effect of the restatement and correction on the Company's previously reported consolidated balance sheets and statements of operations for the periods indicated. The Company believes these amounts are final but cautions that if additional information is discovered or received, either from third parties or during completion of the Company's restatement work and the related audit and review procedures, amounts presented could potentially change:

Balance Sheet (as of Dec. 31, 2025)	**As Previously Reported**	**Adjustment**	**As Restated**
Goodwill	$ 9,061,675	$ (1,974,443)	$ 7,087,232
Intangible assets, net	$ 14,648,458	$ (788,930)	$ 13,859,528
Total assets	$ 55,660,225	$ (2,763,373)	$ 52,896,852
Accumulated other comprehensive income (loss)	264,768	47,164	311,932
Accumulated deficit	$ (284,007,361)	$ (2,549,002)	$ (286,556,363)
Total SEGG stockholder's equity	23,277,057	(2,501,838)	20,775,219
Noncontrolling Interest	483,810	(261,535)	222,275
Total equity	$ 23,760,867	$ (2,763,373)	$ 20,997,494
Total liabilities and stockholder's equity	55,660,225	(2,763,373)	52,896,852

Statement of Operations (Three Months Ended June 30, 2025)	**As Previously Reported**	**Adjustment**	**As Restated**
Depreciation and amortization	$ 1,074,132	$ (131,488)	$ 942,644
Total operating expenses	3,976,541	(131,488)	3,849,203
Loss from operations	(3,947,512)	131,488	(3,820,174)
Net income (loss) before income tax	$ (3,987,901)	$ 131,488	$ (3,860,562)
Net income (loss)	(3,992,051)	131,488	(3,860,562)
Net income (loss) attributable to SEGG	(3,878,027)	131,488	(3,746,538)
Net loss per share, basic and diluted*	$ (0.13)	$ (9.04)	$ (9.04)
Weighted average common shares outstanding	29,018,752	(28,604,198)	414,554

Statement of Operations (Six Months Ended June 30, 2025)	**As Previously Reported**	**Adjustment**	**As Restated**
Depreciation and amortization	$ 2,100,958	$ (262,977)	$ 1,837,982
Total operating expenses	7,517,904	(262,977)	7,263,228
Loss from operations	(7,427,494)	262,977	(7,172,818)
Net Income (Loss) before income tax	$ (7,278,771)	$ 262,977	$ (7,024,094)
Net income (loss)	(7,287,071)	262,977	(7,024,094)
Net Income (loss) attributable to SEGG	(7,184,495)	262,977	(6,921,518)
Net loss per share, basic and diluted*	$ (0.27)	$ (18.11)	$ (18.38)
Weighted average common shares outstanding	26,355,589	(25,979,081)	(376,508)

* *Loss per share in the adjustment column and "As Restated" column reflect a 7 for 1 reverse split executed July 26, 2026*

Internal Control Considerations

The Company alleges that the Legacy Transactions (and original financial reporting thereof) were directly caused by intentional and unlawful acts committed by Komissarov, and reflected either a continuation of the material weaknesses in internal control over financial reporting previously disclosed by the Company or represented evidence of additional material weakness specific to the pre-and early post-business-combination period. Management and the Audit Committee will evaluate the efficacy of the Company's internal controls to determine if additional improvements are recommended in light of the Legacy Transactions. As of the date of this Report, the Company has not reached any conclusions beyond the material weaknesses previously disclosed. *See Part I, Item 4, Controls and Procedures*.

Completion of Inquiry and Other Matters

The Company has completed its internal inquiry into the matters described in this Note. The amounts and comparisons described above reflect the results of that inquiry but could potentially change as the Company finalizes its restatement work and completes the related audit and interim review procedures. The disclosures in this Note, together with the Company's Current Report on Form 8-K regarding these matters, are intended to constitute the full extent of the Company's public disclosure regarding the Legacy Transactions as of the date of this Report. Except as may otherwise be required by applicable law, it should not be inferred that the Company intends to release additional findings beyond what is described in this Note, the amended financial statements for the Correction Periods, or the restated financial statements for the Affected Reports.

Beginning with the Report on Form 10-Q for the fiscal quarter ended March 31, 2026, and for all Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K filed thereafter, the Company will present its financial statements and other financial information as if all amended and restated financial statements for the Correction Periods and the Affected Reports had already been filed, including by presenting corrected historical and comparative financial information for prior periods, rather than presenting such prior periods on an as-previously-reported (and since-superseded) basis and separately filing the corresponding amended reports for the Correction Periods and the Affected Reports at a later date. The Company has yet to file the amended Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q reflecting the restatement and correction described in this Note.

Note 4. Business Combination and Acquisitions

Trident Combination

On October 29, 2021, Trident and AutoLotto consummated the transactions contemplated by the Merger Agreement. At the Closing, each share of common stock and preferred stock of AutoLotto that was issued and outstanding immediately prior to the effective time of the Business Combination (other than excluded shares as contemplated by the Merger Agreement) was cancelled and converted into the right to receive approximately 3.0058 shares (the "Exchange Ratio") of Lottery.com common stock.

The Closing was a triggering event for the Series B convertible notes, of which $63.8 million was converted into 2,320 shares of AutoLotto that were then converted into 6,975 shares of Lottery.com common stock using the Exchange Ratio and applying subsequent reverse stock splits. Neither the Closing nor the Business Combination resulted in a change of control with respect to AutoLotto.

At the Closing, each option to purchase AutoLotto's common stock, whether vested or unvested, was assumed and converted into an option to purchase a number of shares of Lottery.com common stock in the manner set forth in the Merger Agreement.

The Company accounted for the Business Combination as a reverse recapitalization whereby AutoLotto was determined as the accounting acquirer and Trident as the accounting acquiree. Refer to *Note 2, Significant Accounting Policies*, for further details. Accordingly, the Business Combination was treated as the equivalent of AutoLotto issuing stock for the net assets of Trident, accompanied by a recapitalization. The net assets of Trident are stated at historical cost, with no goodwill or other intangible assets recorded.

The accompanying consolidated financial statements and related notes reflect the historical results of AutoLotto prior to the merger and do not include the historical results of Trident prior to the consummation of Business Combination.

Upon the closing of the transaction, AutoLotto received total gross proceeds of approximately $42,794,000, from Trident's trust and operating accounts. Total transaction costs were approximately $9,460,000, which principally consisted of advisory, legal and other professional fees and were recorded in additional paid-in capital. Cumulative debt repayments of approximately $11,068,000, inclusive of accrued but unpaid interest, were paid in conjunction with the close, which included approximately $5,475,000 repayment of notes payable to related parties, and approximately $5,593,000 payment of accrued underwriter fees.

Pursuant to the terms of the Business Combination Agreement, the holders of issued and outstanding shares of AutoLotto immediately prior to the Closing (the "Sellers") were entitled to receive up to 4,286 additional shares of Common Stock (the "Seller Earnout Shares") and Vadim Komissarov, Ilya Ponomarev and Marat Rosenberg (collectively the "Trident Founders") were also entitled to receive up to 2,857 additional shares of Common Stock (the "Trident Founder Earnout Shares" and, together with the Seller Earnout Shares, the "Earnout Shares"). One of the earnout criteria had not been met by the December 31, 2021 deadline thus no earnout shares were granted specific to that criterion. 2,143 of the Seller Earnout Shares and 1,429 Trident Founder Earnout Shares were still eligible for Earnout Shares until December 31, 2022. Conditions for the earnout were not met, and the potential earnout shares were forfeited on December 31, 2022. *[Share counts reflect the effect of subsequent reverse stock splits]*

Global Gaming Acquisition of Controlling Interest

On June 30, 2021, the Company completed its acquisition of 100 percent of the equity of Global Gaming Enterprises, Inc., a Delaware corporation ("Global Gaming"), which holds 80% of the equity of each of Medios Electronicos y de Comunicacion, S.A.P.I de C.V. ("Aganar") and JuegaLotto, S.A. de C.V. ("JuegaLotto"). JuegaLotto is federally licensed by the Mexico regulatory authorities with jurisdiction over the ability to sell international lottery games in Mexico through an authorized federal gaming portal and is licensed for games of chance in other countries throughout Latin America. Aganar has been operating in the licensed Lottery market in Mexico since 2007 and is licensed to sell Mexican National Lottery draw games, instant win tickets, and other games of chance online with access to a federally approved online casino and sportsbook gaming license and additionally issues a proprietary scratch lottery game in Mexico under the brand name Capalli. The opening balance of the acquirees have been included in our consolidated balance sheet since the date of the acquisition. Since the acquirees' financial statements were denominated in Mexican pesos, the exchange rate of 22.0848 pesos per dollar was used to translate the balances.

The net purchase price was allocated to the assets and liabilities acquired as per the table below. Goodwill would represent the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. As part of correcting the errors and restating financial statements as described elsewhere in this report, no Goodwill has been recognized on the Global Gaming acquisition. The fair values of the acquired identifiable intangible assets were determined using Level 3 inputs which were not observable in the market.

The total purchase price of $2,039,691, consisted of cash of $1,530,000 and 491 shares of common stock of AutoLotto at $938.00 per share (after accounting for subsequent reverse stock splits). The total consideration transferred was approximately $1,055,214, reflecting the purchase price, net of cash on hand at Global Gaming and the principal amount of certain loans acquired. The purchase price is for an 80% ownership interest and is therefore grossed up to $1,965,843 to reflect the 20% minority interest in the acquirees. The purchase price was allocated to the identified tangible and intangible assets acquired based on their estimated fair values at the acquisition date as follows:

Schedule of Identified Tangible and Intangible Asset Acquired

Cash	$	517,460
Accounts receivable, net		34,134
Prepaids		5,024
Property and equipment, net		2,440
Other assets, net		65,350
Intangible assets		2,280,644
Total assets	$	2,905,051
Accounts payable and other liabilities	$	(387,484)
Customer deposits		(134,707)
Related party loan		(417,017)
Total liabilities	$	(939,208)
Total net assets of acquirees	$	1,965,843

Following are details of the purchase price allocated to the intangible assets acquired.

Category		**Fair Value (Restated)**
Customer relationships	$	114,000
Gaming licensees		1,071,900
Trade names and trademarks		684,200
Technology		410,544
Total Intangibles	$	2,280,644

S&MI Ltd. Acquisition

On September 1, 2024, the Company finalized an agreement for the acquisition of S&MI, Ltd. which was renamed Sports.com Media Services Ltd. on September 12, 2024 and subsequently renamed Sports.com Media Group Ltd. on February 17, 2025 (“Sports.com Media”). In the agreement with Sports.com Media shareholders (the “Share Purchase and Sale Agreement”), the Purchase Price was the total equivalent One Million Dollars USD ($1,000,000) in restricted stock units of common shares in the Company. (the “Payment-In-Kind”) fixed at Two Hundred Ten Dollars USD ($210.00) per share (the “Fixed Price”) after accounting for reverse stock splits that occurred after the acquisition. The Purchase Price was to be paid out over five payments on the following schedule*: The* first payment of $150,000 in restricted common stock (714 shares) of the Company was due and payable on September 1, 2024 (the “Completion Date” and the “First Issuance Date”.). The remaining payments in restricted common stock to the shareholders of Sports.com Media by the Company were to be made as follows: (i) a second payment of $212,500 (1,012 shares) due on or before the 31st day following ninety days after the Completion Date (the Second Issuance Date”); (ii) a third payment, of $212,500 (1,012 shares) due on or before the 31st day following ninety days after the Second Issuance Date (the Third Issuance Date”); (iii) a fourth payment of $212,500 (1,012 shares) due on or before the 31st day following ninety days after the Third Issuance Date (the “Fourth Issuance Date”); and (vi) a final and fifth payment of $212,500 (1,012 shares) due on or before the 31st day following ninety days after the Fourth Issuance Date.

In the event that the closing price of the restricted stock units of common shares of the Company to be issued to the shareholders of Sports.com Media is lower than the Fixed Purchase Price on the six (6) month anniversary of any issuance date of said shares (collectively the “Anniversary Issuance Price”), then the Fixed Purchase Price shall be adjusted downward to the volume-weighted average price (“VWAP”) of the common stock for the five (5) consecutive trading days immediately preceding the six (6) month anniversary date of said issuance date. Accordingly, the Company shall be obligated to tender to the shareholders of Sports.com Media additional restricted stock units of common shares of the Company to make up the difference between the Fixed Purchase Price and the Anniversary Issuance Price.

The opening balances of Sports.com Media have been included in our consolidated balance sheet since the date of the acquisition. Since the Sports.com Media’s financial statements were denominated in British Pounds, the exchange rate of 1.3141 pounds per dollar was used to translate the balances.

The net purchase price was allocated to the assets and liabilities acquired as per the table below. Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The fair values of the acquired intangible assets were determined using the valuation analysis performed by a third-party valuation firm.

The total purchase price of $1,000,000 consists of 4,762 shares of common stock at $210.00 per share after accounting for reverse stock splits that occurred after the acquisition. The total consideration transferred after net assets and assumption of long-term debt was approximately $440,000, reflecting the purchase price, net of cash on hand at Sports.com Media and the principal amount of certain loans assumed by the Company. The purchase price was for a 100% ownership interest. The purchase price was allocated to the identified tangible and intangible assets acquired based on their estimated fair values at the acquisition date as follows:

Accounts receivable, net	124,928

Other receivables		50,817
Intangible assets		234,000
Goodwill		1,315,000
Total assets	$	1,724,745
Accounts payable and other liabilities	$	(175,543)
Director's Loan		(558,632)
Total liabilities	$	(734,175)
Total net assets of acquiree	$	990,570

PlusEVO Ltd. Acquisition and Formation of Spektrum Ltd.

On March 6, 2025, the Company entered into a Stock Purchase and Sale Agreement to acquire certain assets from PlusEVO Ltd. and to form a new entity, Spektrum Ltd., which is intended to become a provider of technology supporting international lottery and gaming operations.

The purchase price for the asset acquisition was $1.5 million, payable in 7,143 shares of the Company's restricted common stock at a fixed price of $210.00 per share after accounting for reverse stock splits that occurred after the acquisition. The shares were to be issued in five installments over a 30-month period following closing, subject to specified vesting and restriction terms. The agreement includes a price protection feature under which additional shares may be issued if the Company's stock price is below the fixed price at certain measurement dates.

DotCom Ventures Inc. Asset Acquisition; Converted to Acquisition of Controlling Interest

On July 23, 2025, the Company acquired a 51% interest in the assets of DotCom Ventures Inc., consisting primarily of the Concerts.com and TicketStub.com domain names and certain related technology assets. The Company's auditors evaluated the transaction under the applicable accounting guidance and concluded that the acquired set of assets did not meet the definition of a business under US GAAP because there was no substantive process where a set of inputs could be converted into specific outputs and there was no workforce consisting of employees or organized contractors in place for converting acquired inputs into outputs as of December 31, 2025. Accordingly, the transaction was initially accounted for as an asset acquisition, with the purchase price allocated to the acquired assets based on their relative fair values. The acquired assets were included within intangible assets on the consolidated balance sheet for the year ended December 31, 2025. In February of 2026, the Company added resources to operate and manage this business, and systems had been developed to enable inputs to be converted into specific outputs. Accordingly, the Asset Acquisition was converted into an acquisition of controlling interest applying guidance for Purchase Accounting effective February 1, 2026. Subsequently, the Company exercised call options provided in the Purchase Agreement and increased its Controlling interest from 51% on February 1, 2026 to 61% as of March 31, 2026 [and 66% as of June 30, 2026].

Intangible assets		10,000,000
Goodwill		3,000,000
Total assets	$	13,000,000
Notes Payable	$	3,000,000
Total liabilities	$	3,000,000
Total net assets of acquiree	$	10,000,000

Veloce Esports Limited Acquisition of Controlling Interest

On February 17, 2026, the Company acquired a controlling interest in Veloce Esports Limited, an England and Wales company operating in digital media, esports, motorsports, and content, including its Quadrant Esports Limited subsidiary, through two linked transactions: (i) a Subscription Agreement under which the Company subscribed for 4,634 newly issued A1 ordinary Veloce shares and (ii) seven Share Purchase Agreements under which the Company acquired 20,008 existing Veloce ordinary shares from Daniel Bailey, James MacLaurin, Jack Clarke, Darryl Eales, Andrew Webb, MPA Creative Limited ("MPA"), and Crimson Swordblade Limited ("Crimson"). Following the closing, the Company owned approximately 67.9% of Veloce's outstanding shares, with the remaining interest held by Veloce's other existing shareholders as a noncontrolling interest.

Consideration under the Subscription Agreement totaled £5,675,444 (approximately $7.7 million), consisting of £3,187,500 in cash and 48,337 shares of common stock valued at $70.00 per share. Consideration under the Share Purchase Agreements totaled £25,135,262 (approximately $34.2 million), consisting of 303,869 shares of the Company's common stock valued at $70.00 per share, a pre-funded warrant to purchase 227,500 shares issued to Crimson, and cash payable in installments through February 15, 2027. In total, the Company issued 352,207 shares of common stock valued at $70 per share in connection with the acquisition. Share counts and share values referenced here reflect the August 2026 reverse stock split.

The opening balances of Veloce have been included in the Company's consolidated balance sheet since the Acquisition Date. Because Veloce's financial statements are denominated in British pounds, the exchange rate in effect on February 17, 2026 ($1.36 per £1) was used to translate Veloce's assets and liabilities to U.S. dollars for purposes of the purchase price allocation below.

The purchase price allocation below is preliminary. Consistent with the treatment applied to the Global Gaming and Sports.com Media acquisitions described above, the Company is in the process of obtaining a third-party valuation of Veloce's identifiable intangible assets and expects to finalize the categories and useful lives of those assets, and the resulting purchase price allocation, in connection with the Form 10-Q for the quarter ending September 30, 2026, or the Form 10-K for the year ending December 31, 2026.

Cash		221,905
Accounts receivable		722,445
Prepaids		454,420
Inventory		223,942
Other current assets		7,576,847
Intangible assets		15,388,957
Total assets	$	70,755,389
Accounts payable and other liabilities	$	3,224,912
Accrued expenses		955,149
Other current liabilities		5,217,270
Total liabilities	$	9,397,330
Total net assets of acquiree	$	61,358,059

Note 5. Property and Equipment, net

Property and equipment, net as of June 30, 2026 and December 31, 2025, consisted of the following:

	June 30, 2026	December 31, 2025
Computers and equipment	$ 483,728	$ 115,162
Furniture and fixtures	59,402	18,612
Software	2,026,200	2,026,200
Property and equipment	2,569,330	2,159,974
Accumulated depreciation	(2,500,470)	(2,158,879)
Property and equipment, net	$ 68,860	$ 1,095

Depreciation expense for the three and six months ended June 30, 2026 was $14,866 and $20,763, respectively, and was $942 and $2,660 for the three and six months ended June 30, 2025, respectively.

Note 6. Prepaid Expenses [primarily] for Advertising Credits

Prepaid expenses consist of payments made on contractual obligations for services to be consumed in future periods. Prepaid expenses consist primarily of advertising credits from two top tier media organizations that operate in the United States. The advertising credits were obtained in return for warrants, shares of common stock, and shares of preferred stock. The agreements do not specify a time period for utilizing these credits, and there is no requirement to provide cash or other consideration in connection with utilizing them. The balance can be utilized at any time at the mutual consent of the parties. The Company expects to resume utilizing these credits in the fourth quarter of 2026. Accordingly, they are presented as current assets.

The Company expenses the service as it is performed by the third parties. The value of the services provided has been used to value these contracts. For the year ended December 31, 2021 the Company reserved for potential inability to realize $2,000,000 of prepaid advertising credits in future periods. For the period ending December 31, 2024, the Company determined that an estimated $4,745,000 of prepaid advertising credits purchased during 2017 and 2018 might not be able to be fully utilized. As a result, the Company decreased prepaid expenses by $4,745,000 and increased its reserve for loss of prepaid advertising credits by $4,745,000 for the year ended December 31, 2024. Similarly, for the period ending December 31, 2025, the Company determined that an estimated $5,688,000 of prepaid advertising credits purchased during 2017 and 2018 might not be able to be fully utilized. As a result, the Company decreased prepaid expenses by $5,688,000 and increased its reserve for loss of prepaid advertising credits by $5,688,000 for the year ended December 31, 2025. Prepaid expenses are included in current assets on the consolidated balance sheets. The Company had total remaining prepaid expenses of $9,505,690 and $8,634,275 as of June 30, 2026 and December 31, 2025, respectively.

Note 7. Notes Receivable

Secured Note Receivable

On March 22, 2022, the Company entered into a three-year secured promissory note with an original carrying amount of $2,000,000. The note bears simple interest at approximately 3.1% per annum, with principal and accrued interest due upon maturity. The note is secured by substantially all assets, accounts, and tangible and intangible property of the borrower and is further supported by a personal guarantee from the borrower's principal. The borrower may prepay the note at any time without penalty.

The note was received in consideration for cash advanced by the Company to the borrower, including a previously funded bridge loan, and in connection with a broader technology development and licensing relationship under which the Company agreed to develop technology for use by the borrower in connection with the launch of an online gaming platform in a jurisdiction outside the United States. As of December 31, 2025, the outstanding principal balance of the note was $2,000,000.

The note matured during 2025 and remained outstanding as of December 31, 2025. Management evaluated the collectability of the note in accordance with ASC 326, including consideration of the Company's security interests, the personal guarantee, and the contractual enforcement rights available under the related agreements. Based on this evaluation, management concluded that the recorded carrying amount of the note remains recoverable as of December 31, 2025.

SP Global Holdings

On October 5, 2021, the Company provided $250,000 to SP Global Holdings in exchange for a 3-year promissory note with interest at 8%. Principal and accrued interest were due in a balloon payment at maturity. The note was repaid in March 2025.

Note 8. Write-Off of Goodwill and Intangibles

As required by ASC 350 Intangibles – Goodwill and Other Impairment and ASC 360 – Impairment Testing: Long-Lived Assets, in connection with preparing the consolidated financial statements management conducts a review as to whether there are any circumstances that might indicate the impairment of its long-lived assets, goodwill and other indefinite-lived intangible assets.

The Company reviews the goodwill and intangibles acquired in the acquisitions of TinBu, LLC and Global Gaming Enterprises, Inc., Sports.com Media Ltd, Spektrum Ltd, DotCom Ventures, Veloce, the domain names and software purchased from third parties, and software developed in-house. Each of TinBu, Global Gaming, Sports.com Media Ltd, Spektrum Ltd, DotCom Ventures, Veloce Esports, Quadrant, and Lottery.com may be considered a reporting unit for application of the annual review for potential impairment.

For the year ended December 31, 2023, the Company performed a valuation of each of the then present reporting units described above, using discounted cash flow methodologies and estimates of fair market value. Based on the results of the quantitative assessment, the Company determined

that the goodwill for the TinBu reporting units was impaired. Accordingly, the Company recognized goodwill impairment charges of $5.65 million for the TinBu reporting unit.

Similarly, the Company performed an impairment analysis for the three months ended September 30, 2024. As a result of that analysis, it was determined that impairment charges were necessary, and an impairment of goodwill for $1.6 million was recorded for the TinBu's reporting unit. Based on results of qualitative analyses, there were no other impairments identified or recorded for the years ended December 31, 2024 or 2025.

Note 9. Intangible assets, net

Gross carrying values and accumulated amortization of intangible assets:

		June 30, 2026			December 31, 2025		
	Useful Life	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortizable intangible assets							
Customer relationships	6 years	$ 1,056,200	$ 1,037,200	$ 19,000	$ 1,056,200	$ (1,027,700)	$ 28,500
Trade name	6 years	774,094	624,979	149,115	721,200	(535,150)	186,050
Technology	6 years	15,693,909	3,240,304	12,453,605	3,545,344	(1,806,175)	1,739,169
Software agreements	6 years	14,450,000	14,450,000	-	14,450,000	(14,035,000)	415,000
Gaming license	6 years	1,071,900	893,250	178,650	1,071,900	(803,925)	267,975
Internally developed software & digital assets	2 - 10 years	3,316,923	1,982,009	1,334,914	3,316,923	(1,804,924)	1,511,999
Domain names	15 years	16,935,000	2,825,610	14,109,390	12,035,000	(2,316,665)	9,710,335
		$53,298,025	$ 25,053,352	$28,244,674	$36,196,567	$ (22,329,539)	$13,859,528

Balances presented as of June 30, 2026 include amounts resulting from the acquisition of controlling interest in Veloce (on February 17, 2026) and amortization from the closing date through June 30, 2026 in addition to the Company's pre-acquisition intangible assets. Amortization expense for intangible assets for the three months ended June 30, 2026 and 2025 totaled $1,009,013 and $941,702, respectively, and for the six months ended June 30, 2026 and 2025 totaled $2,841,966 and $1,835,322, respectively, and is included in depreciation and amortization in the Statement of Operations.

During the year ended December 31, 2022, the Company determined that there was an impairment of long-lived assets of $412,450 which related to a project no longer being pursued by the Company. In addition, for the year ended December 31, 2023, in connection with the annual review of goodwill and intangibles, the Company determined that it was necessary to write down goodwill by $5,650,000 for the TinBu reporting unit. Similarly, the Company performed an impairment analysis for the three months ended September 30, 2024 and as a result of that analysis an impairment charge of $1.6 million against TinBu's goodwill was recorded. There were no other impairments identified or recorded at December 31, 2024 or for the year ended December 31, 2025.

Estimated amortization expense for years of useful life remaining is as follows:

Years ending December 31,	Amount
2026 (remaining six months)	$ 2,001,296
2027	3,609,999
2028	3,350,852
2029	3,220,725
2030	3,073,392
Thereafter	12,988,410
	$ 28,244,674

The Company had software development costs of $476,850 related to projects not placed in service as of December 31, 2025, which is included in intangible assets in the Company's consolidated balance sheets. Amortization will be calculated using the straight-line method over the appropriate estimated useful life when the assets are put into service.

Note 10. Notes Payable and Convertible Debt

Secured Convertible Note

In connection with the Lottery.com domain purchase, the Company issued a secured convertible promissory note ("Secured Convertible Note") with a fair value of $935,000 that matured in March 2021. The Company used the fair value of the Secured Convertible Note to value the debt instrument issued. In March 2021, the Secured Convertible Note was fully converted into 9,987 shares of the Company's common stock.

Short Term Loans

On June 29, 2020, the Company entered into a Promissory Note with the U.S. Small Business Administration ("SBA") for $150,000. The loan has a 30-year term and bears interest at a rate of 3.75% per annum. Monthly principal and interest payments were deferred for twelve months after the date of disbursement. The loan may be prepaid at any time prior to maturity with no prepayment penalties. The Promissory Note contains events of default and other provisions customary for a loan of this type. As of June 30, 2026 and December 31, 2025, the balance of the loan was $150,000. As of June 30, 2026 and December 31, 2025, the accrued interest on this note was $8,998 and $8,255 respectively.

In August 2020, the Company entered into three separate note payable agreements with three individuals for an aggregate amount of $37,199. The notes bear interest at a variable rate, are unsecured, and the parties had verbally agreed the notes would be due upon a qualifying financing event. However, these notes were not converted in connection with the Business Combination. As of June 30, 2026 and December 31, 2025, the balance of the loans totaled $13,000, respectively.

Series B Notes

From November 2018 to December 2020, the Company entered into multiple Convertible Promissory Note agreements with unaffiliated investors for an aggregate amount of $8,802,828. The notes bear interest at 8% per year, are unsecured, and were due and payable on dates ranging from December 2020 to December 2021. For those notes maturing on or before December 31, 2020, the parties entered into amendments in February 2021 to extend the maturity of the notes to December 21, 2021. The Company cannot prepay the loans without consent from the noteholders.

During the year ended December 31, 2021, the Company entered into multiple Convertible Promissory Note agreements with unaffiliated investors for an aggregate amount of $38,893,733. The notes bear interest at 8% per year, are unsecured, and are due and payable on dates ranging from December 2021 to December 2022. The Company cannot prepay these loans without consent from the noteholders. As of December 31, 2021, the Series B Convertible Notes had a balance of $0.

During the year ended December 31, 2021, the Company entered into amendments with six of the Series B promissory noteholders to increase the principal value of the notes. The additional principal associated with the amendments totaled $3,552,114. The amendments were accounted for as a debt extinguishment, whereby the old debt was derecognized, and the new debt was recorded at fair value. The Company recorded a loss on extinguishment of $71,812 as a result of the amendment which was mapped in "Other expenses" on the consolidated statements of operations and comprehensive loss.

As of October 29, 2021, all except $185,095 of the Series B convertible notes were converted into 6,975 shares of common stock after accounting for the reverse stock splits that have occurred since that time. As of December 31, 2025, the remaining notes comprising the outstanding balance of $185,095 are no longer convertible and have been reclassified to notes payable. *(See Note 10)* Accrued interest on these Notes Payable as of June 30, 2026 and December 31, 2025 was $101,798 and $94,455, respectively.

TinBu

On August 28, 2018, in connection with the purchase of the entire membership interest of TinBu LLC, the Company entered into several notes payable for $12,674,635 with the sellers of the TinBu and a broker involved in the transaction. The notes had an interest rate of 0%, and an original maturity date of January 25, 2022. The notes payable were modified during 2021 to extend the maturity to June 30, 2022 and change the interest rate to include simple interest of 4.1% per annum effective October 1, 2021. Each of the amendments was evaluated and determined to be loan modifications and accounted for accordingly.

As of both June 30, 2026 and December 31, 2025, the balance of the notes was $2,336,081. Accrued interest on these notes was $458,165 on June 30, 2026 and $410,669 on December 31, 2025, respectively.

Series A Notes

From August to October 2017, the Company entered into seven Convertible Promissory Note Agreements with unaffiliated investors for an aggregate amount of $821,500. The notes bear interest at 10% per year, are unsecured, and were due and payable on June 30, 2019. The parties verbally agreed to extend the maturity of the notes to December 31, 2021. The Company cannot prepay the loan without consent from the noteholders. As of December 31, 2021, there were no Qualified Financing events including the Trident combination that trigger conversion. As of December 31, 2022, the remaining outstanding balance of $771,500 which relates to notes that are no longer convertible was reclassified to Notes Payable as per the agreement. As of both June 30, 2026 and December 31, 2025, the balance due on these notes was $771,500. Accrued interest on these Notes Payable was $318,909 on June 30, 2026 and $318,909 on December 31, 2025.

Securities Purchase Agreements

Amorua Global Securities Purchase Agreement

On May 26, 2026, the Company entered into a Securities Purchase Agreement with Amorua Global, Inc. pursuant to which the Company issued an unsecured convertible promissory note with an original principal amount of $3.5 million. The note bears interest at a rate of 12% per annum, matures twenty-four months from issuance and was issued with an original issue discount of 15%. Subject to the terms of the note, outstanding principal and accrued interest may be converted into shares of the Company's common stock at a variable conversion price based on market prices of the Company's common stock, subject to certain adjustments and a 9.99% beneficial ownership limitation. The Company intends to use the net proceeds for general

corporate purposes, including the repayment of certain existing indebtedness. In connection with the financing, the Company agreed to file a registration statement covering the resale of shares issuable upon conversion of the note. As of June 30, 2026, the outstanding principal balance of this note was $4,045,352 and accrued interest was $41,176.

Alumni Capital LP Securities Purchase Agreement

On March 16, 2026, the Company entered into a Securities Purchase Agreement with Alumni Capital LP ("Alumni"), pursuant to which the Company issued unsecured convertible promissory notes with an aggregate face amount of up to $11,764,706, reflecting a 15% original issue discount, funded in tranches with: an initial tranche of $3,529,412 at closing, a second tranche of $588,235 upon the filing of a registration statement covering the underlying shares, a third tranche of $1,764,706 upon effectiveness of the registration statement, and additional tranches of up to $5,882,353 through December 31, 2026, subject to customary conditions. The notes bear interest at 12% per annum, mature 24 months from issuance, and are convertible into common stock at a price equal to the lower of the closing price on the applicable conversion date or 95% of the five-day volume-weighted average price, subject to a 20% floor and a beneficial ownership limitation of 4.99% (increasable to 9.99% upon 61 days' notice). Dawson James Securities, Inc. acted as a placement agent for a fee of 7.0% of gross proceeds. As of June 30, 2026, the outstanding principal balance of these notes was $2,648,742 and accrued interest was $126,000. *See Part II, Item 1, "Legal Proceedings"* During the three months ended June 30, 2026, the Company applied approximately $500,000 of proceeds from the Amorua Global, Inc. note described above to repay a portion of the amount outstanding under these notes.

On June 18, 2026, the Company received a notice from Alumni Capital LP ("Alumni"), the Holder of an unsecured convertible promissory note issued pursuant to a Securities Purchase Agreement dated March 16, 2026. *See Part II, Item 1, "Legal Proceedings.*

Evergreen Capital Management, LLC Securities Purchase Agreement

On December 2, 2025, the Company entered into a Securities Purchase Agreement with Evergreen Capital Management, LLC ("Evergreen"), pursuant to which the Company issued a senior secured convertible promissory note with an aggregate principal amount of $2,875,000, reflecting an original issue discount of $375,000 and resulting in net proceeds to the Company of $2,500,000. The note was funded in two tranches: an initial $500,000 at closing, with $2,000,000 to be funded upon the effectiveness of a registration statement covering the underlying shares and receipt of shareholder approval under Nasdaq Listing Rule 5635. The transaction was completed as a private placement under Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D.

On January 26, 2026, the Company and Evergreen entered into a Termination Agreement terminating the note and the related Securities Purchase Agreement, effective upon the Company's issuance of shares pursuant to Conversion Notice #7, dated January 13, 2026, following which the note and the Securities Purchase Agreement became null and void, with no further amounts due or payable by either party. The principal amount converted pursuant to Conversion Notice #7 was $75,000 bringing the balance to $0.

Credit Facility with United Capital Investments London Limited (Related Party)

As previously disclosed in the Company's Annual Report for 2025, on July 26, 2023, the Company entered in to a credit facility with United Capital Investments London Limited ("UCIL"), an entity in which Matthew McGahan, the Company's then Chief Executive Officer and Chairman had an indirect interest, and Barney Battles, a former Company director and chair of its Audit Committee had and continues to have a direct interest in, originally entered into on July 26, 2023, amended and restated on August 8, 2023, amended on August 18, 2023, and further amended and restated on February 16, 2024 to increase the amount of the facility from $49,000,000 to $149,000,000. *See Note 15. Related Party Transactions*, for additional information regarding UCIL's relationship with the Company.

On January 20, 2026, at its election, the Company terminated all financing agreements with UCIL. As of June 30, 2026, the outstanding balance of this facility was $[369,936]. Following the termination, UCIL believed the amount owed under the facility was larger than the amount reflected in the Company's accounting records. Multiple requests were made by the Company in writing and UCIL has not provided any support for a larger amount. *See Part II, Item 1, "Legal Proceedings."*

Credit Facility with Woodford Eurasia Assets, Ltd.

As previously disclosed in the Company's Annual Report for 2025, on December 7, 2022, the Company entered into a loan agreement with Woodford Eurasia Assets, Ltd. ("Woodford"), pursuant to which Woodford agreed to provide the Company with up to $52,500,000, subject to certain conditions. The Company received $798,351 under the Woodford Loan Agreement by December 31, 2023. Woodford subsequently failed to meet its funding obligations under the agreement, and the Company takes the position that it will no longer conduct business with, or have any association with, Woodford. As of June 30, 2026, the balance reflected for this loan was $798,351.

Amounts advanced under the Woodford Loan Agreement are convertible, at Woodford's option, into shares of common stock at a rate of 80% of the lowest publicly available price per share within 10 business days of the loan agreement date (equivalent to $56.00 per share after the Company's reverse stock splits), subject to a 4.99% beneficial ownership limitation (waivable on 60 days' notice) and a separate 19.99% ownership cap absent shareholder approval. In June 2023, Woodford asserted an amendment applying a further 25% discount to the conversion price; the Company disputes the validity and application of that amendment.

Despite multiple written requests from the Company, Woodford has repeatedly failed to prove the amounts it claims to have advanced to the Company beyond the $798,351 the company has recorded, failed to indicate whether it would accept accelerated repayment of verified amounts, failed to provide an anti-money-laundering-acceptable account for payment, and failed to respond to allegations of money laundering and conspiracy to defraud the Company, which the Company has referred to legal counsel. *See Part II, Item 1, "Legal Proceedings," for further information.*

Placement Agent Agreement with Univest Securities, LLC

As reported on form 8-K filed with the SEC on February 6, 2024, on December 6, 2023, the Company entered into a placement agent agreement (the "Placement Agent Agreement") with Univest Securities, LLC (the "Placement Agent"), whereby the Placement Agent agreed to act as placement agent in connection with the Company's offering ("Offering") of units ("Units") up to a total of $1,000,000; each Unit consisting of a convertible promissory note (each, a "Convertible Note" or collectively, the "Convertible Notes"), and a common stock purchase warrant (each, a "Warrant", or collectively, the "Warrants") in order for investors placed by it to purchase shares of common stock of the Company, par value $0.001 per share (the "Common Stock"). Each Unit under the Offering includes specific registration rights ("Registration Rights"), for each investor obtained through the Placement Agent.

On February 1, 2024, the parties agreed to increase the Offering amount from $1,000,000 to $5,000,000. All other terms and conditions of the Offering remain the same. The Securities shall be offered and sold pursuant to Section 4(a)(2) under the Securities Act of 1933, as amended (the "Securities Act").

Disrupt Investments Limited - Senior Unsecured Convertible Note

On October 29, 2025, the Company issued a senior unsecured convertible note to Disrupt Investments Limited ("Disrupt"), a Dubai-based investor, in the original principal amount of $500,000. The note bears no interest and is unsecured but ranks senior in right of payment to the Company's other unsecured indebtedness. It matured 180 days after issuance, on April 27, 2026.

Disrupt may convert the outstanding principal and any late charges into common stock at any time before maturity. The conversion price was set at 94% of the October 29, 2025 closing price, or $28.70 per share after adjusting for the July 2026 reverse stock split.

No portion of the note has been converted. As of both June 30, 2026 and December 31, 2025, the outstanding principal balance was $500,000. The note was not repaid at maturity. Disrupt agreed to an extension of the maturity date until April 27, 2027.

Related Party Promissory Notes - Accrued Executive Payroll

On January 13, 2026, the Company issued promissory notes to two of its executive officers, for payroll that had been accrued between 2022 and the summer of 2024 but had not been paid when due. The Company formalized the obligations for unpaid compensation as interest-bearing convertible notes, which are identical in form and terms, differing only as to principal amount, holder, and the individual who executed the note on the Company's behalf:

Holder	Title	Principal	Executed on Company's behalf by
Gregory Potts	Chief Operating Officer	$ 258,448	Robert J. Stubblefield, CFO and Interim President & CEO
Robert J. Stubblefield	Chief Financial Officer and Interim President & CEO	$ 291,485	Marc Bircham, Chairman of the Board of Directors

The notes bear interest at ten percent (10%) per annum, computed on the basis of a 360 day year. Principal and accrued interest on each note are due and payable in full on January 15, 2027 (the "Maturity Date"), unless earlier converted into the Company's common stock at the holder's election.

No principal or interest payments have been made on either note, and no conversions into common stock have occurred, so the full principal amount of each remains outstanding, a combined total of $549,933 at June 30, 2026. Interest accrued from issuance (January 13, 2026) through June 30, 2026 totals approximately $24,416 for both notes combined (approximately $11,484 on the Potts Note and $12,932 on the Stubblefield Note).

Gregory Potts is the Company's Chief Operating Officer and Robert J. Stubblefield is the Company's Chief Financial Officer and Interim President and Chief Executive Officer, each an executive officer of the Company at the time the respective compensation accrued and currently. Each note is accordingly a related person transaction under Item 404(a) of Regulation S-K and a related party transaction under ASC 850, requiring ASC 850 related-party footnote disclosure here in Note 10 and, separately, Item 404(a)/Part III or proxy disclosure identifying each officer, describing his position, and stating his interest in the applicable note (principal, 10% annual interest, and the stock-conversion right described above).

DotCom Ventures Inc. - Concerts Inc. Senior and Junior Secured Promissory Notes

In July of 2025, the transaction between the Company, Concerts Inc. ("Concerts"), and DotCom Ventures Inc. ("DVI"), was initially recorded as an Asset Purchase. Effective February 1, 2026, as described in Note 4 in this Report, the transaction was converted into the acquisition of a business and Purchase Accounting was been applied. DVI had three Secured Notes Payable comprised of a Senior Secured Note to a third-party and a Senior and a Junior Secured Note payable by DVI, (as borrower), to Concerts Inc. (as lender). Concerts Inc. also is the minority interest holder of DVI. In connection with conversion of the asset acquisition from DVI, to purchase accounting, the three DVI Secured Notes were included in the Company's consolidated balance sheet beginning February 1, 2026.

A Senior Secured Promissory Note to a third-party, entered into on May 1, 2025 was for $1,000,000, did not bear interest, was secured by the Concerts.com domain name and related assets under a Senior Security Agreement of the same date, and had an original maturity date of December 31, 2025. Forbearance agreements were entered extending the maturity date initially to March 31, 2026 and then to May 31, 2026. A payment of $500,000 was made on March 31, 2026 resulting in a balance of $500,000 as of March 31, 2026. Subsequent payments of $100,000 on April 30, 2026 and $400,000 on May 29, 2026 fully paid and retired the third-party Senior Secured Note.

A Senior Secured Promissory Note payable by DVI (as borrower), to Concerts Inc. (as lender), in the amount of $500,000 (the TicketStub Senior Note) was entered into on May 1, 2025, bearing simple interest at 0.5% per month (6.0% per annum), calculated on a thirty-day-month basis, accruing through and payable together with the outstanding principal in full at maturity on December 31, 2025. Any amount not paid at maturity bears interest instead at a default rate of 1.0% per month (12.0% per annum) until paid. The TicketStub Senior Note may be prepaid in whole or in part at any time without penalty and was secured by a security interest in the TicketStub.com domain name and related assets (the "TicketStub Assets") under a Senior Security Agreement of the same date. A forbearance agreement was entered extending the maturity to March 31, 2026. On March 17, 2026, the TicketStub Senior Note, along with accrued interest of $21,083 was fully paid and retired.

A Junior Secured Promissory Note dated May 1, 2025 (the "Concerts Junior Note") in the amount of $1,500,000, payable by DVI, as borrower, to Concerts Inc., as lender. The Concerts Junior Note was issued by DVI to Concerts as consideration for DVI's purchase of the Concerts.com domain name and related assets from Concerts Inc. under a separate May 1, 2025 asset purchase agreement, a transaction that predates and is unrelated to the Company's acquisition of DVI.

The Concerts Junior Secured Note bears simple interest at 0.5% per month (6.0% per annum), calculated on a thirty-day-month basis, accruing through and payable in full at maturity on May 31, 2026, together with the outstanding principal. Any amount not paid at maturity bears interest instead at a default rate of 1.0% per month (12.0% per annum) until paid. The Concerts Junior Note may be prepaid in whole or in part at any time without penalty and is secured by a security interest in the Concerts.com domain name and related assets (the "Concerts Assets") under a Junior Security Agreement of the same date. As issued, the Concerts Junior Note was subordinated in priority to the third-party $1,000,000 Senior Secured Promissory Note which was secured by a senior security interest in the same Concerts Assets. Final payment was made on that third-party Senior Promissory Note, and it was retired on May 29, 2026. This Junior Secured Note was not repaid when it matured on May 31, 2026. On November 1, 2026, the Company and Concerts Inc. agreed to a forbearance and to extend the maturity of the Concerts Junior Note to December 31, 2026. As of June 30, 2026, $1,500,000 of principal and $93,250 of accrued interest was outstanding on the Concerts Junior Note.

Ali Law Convertible Note

On January 15, 2026, the Company entered into a convertible promissory note with the Amar Ali Law, PLLC ("Ali Law") in the principal amount of $1,445,361 for outstanding fees for legal services provided to the Company. The note bears interest at 10% and has a maturity date of January 15, 2027. Simple interest has accrued from issuance (January 13, 2026) through June 30, 2026, totaling approximately $66,074 as of June 30, 2026. As of the date of this report, $50,000 of principal has been converted.

Related Party Veloce Arrangements - MPA Commercial Ltd and MPA Creative Ltd

In connection with the Company's acquisition of a controlling interest in Veloce Esports Limited on February 17, 2026 (the "Veloce Acquisition Date") *(see Note 4, Business Combination and Acquisitions),* the Company identified a related-party relationship arising from the involvement of Dan Bailey, the Company's Chief Commercial Officer and also a member of the Company's Board of Directors, with two United Kingdom entities that have pre-existing and ongoing commercial relationships with the acquired Veloce businesses: MPA Commercial Ltd, a United Kingdom public relations agency, and MPA Creative Ltd, a United Kingdom motorsport marketing company (together, the "MPA Entities"). Mr. Bailey is a shareholder and director/officer of both of the MPA Entities. Mr. Bailey and MPA Creative Ltd were also each, separately, selling shareholders of Veloce under the Share Purchase Agreements comprising the Veloce acquisition *(see Note 4, Business Combinations)*.

Pre-Existing Loan. In October 2024, during the approximately sixteen months before the Veloce Acquisition Date, MPA Creative Ltd advanced Veloce £130,000, or approximately $172,300 *(see Note 2, Foreign Currency Translation)*, in four transactions pursuant to an unsecured borrowing arrangement that bears no stated interest and has no fixed or stated repayment date. Because this arrangement predates both the Veloce Acquisition Date and the involvement of the Company's current management, the Company was not a party to, and did not authorize, negotiate, or approve, the original arrangement, and the Company's records regarding its terms remain limited to the principal amount, the absence of interest, and the absence of a fixed maturity. As of the acquisition date, Veloce had repaid £30,000, or approximately $39,761, of the debt. Veloce subsequently repaid a further £5,000, or approximately $6,627, between the Veloce Acquisition Date and June 30, 2026. As of June 30, 2026, £95,000, or approximately $125,911, remained outstanding. *See Note 10, Notes Payable and Convertible Debt,* for the recorded balance and balance sheet classification. Because Mr. Bailey is an executive officer and director of the Company and a shareholder, director, and officer of MPA Creative Ltd, the Company's continued maintenance of this arrangement following the Veloce Acquisition Date is itself a related person transaction under the Company's Related Party Transactions Policy and under Item 404(a) of Regulation S-K.

The Company intends to continue monitoring these and any future arrangements with the MPA Entities under that policy for so long as Mr. Bailey's affiliation with those entities continues.

Veloce Loan - Andrew Webb

Prior to the Veloce Acquisition Date, Veloce Esports Limited entered into a Shareholders Loan Agreement dated July 10, 2025 with Andrew Webb and Darryl Eales (*see below*), each a former shareholder of Veloce and a selling shareholder under the Share Purchase Agreements comprising the Company's acquisition of Veloce (*see Note 4, Business Combinations*), under which Mr. Webb agreed to lend Veloce £250,000, or approximately $331,345 *(see Note 2, Foreign Currency Translation)*. Veloce separately entered into a Shareholders Loan Agreement dated October 9, 2025 with Mr. Webb alone, under which he agreed to advance Veloce a further £750,000, or approximately $994,036, which, together with a prior outstanding balance of £530,000, or approximately $702,452, of loans, fees, and commissions described in that agreement as previously due to Mr. Webb, brought Veloce's total loan commitment to Mr. Webb under the October facility to £1,280,000, or approximately $1,696,488.

The July 2025 loan carried a one-time repayment premium and capped interest. No amounts were repaid on this loan during 2025. During the three months ended March 31, 2026, Veloce repaid Mr. Webb £226,250, or approximately $299,867, against this loan, and during the three months ended June 30, 2026, repaid £0 against this loan.

Andrew Webb - July 2025 loan (as carried on Veloce's books)
Schedule of Loan

Item	Amount (£)
Principal per signed July 10, 2025 loan agreement	250,000
Capped Interest	50,000
Repayment premium (15% of Mr. Webb's £250,000 share)	37,500
Subtotal	**337,500**
Less: repaid during the three months ended March 31, 2026	(226,250)
Less: repaid during the three months ended June 30, 2026	-
Balance at June 30, 2026	**£111,250 (~USD$147,449)**

The October 9, 2025 loan bears interest at 15% per annum on the full £1,280,000, or approximately $1,691,108, balance, and is secured by debentures over Veloce's assets registered with Companies House. No. 1135021 principal was repaid on this loan during the six months ended June 30, 2026. Veloce's accounting records reflect accrued interest of £138,345 on this loan as of June 30, 2026.

Andrew Webb - October 2025 loan

Item	Amount (£)
Principal	1,280,000
Accrued interest through June 30, 2026	138,345
Repayments through June 30, 2026	-
	£1,418,345
Balance at June 30, 2026	**(~USD$1,879,847)**

Veloce Loan - Darryl Eales

Mr. Eales loaned Veloce £1,000,000, or approximately $1,325,831 *(see Note 2, Foreign Currency Translation),* under the July 10, 2025 Shareholders Loan Agreement with Mr. Webb described above. Proceeds from the Eales loan were used for the Quadrant acquisition. Separately, there is a 2024 loan from Mr. Eales with an unpaid balance of £121,000, or approximately $160,371, carried forward.

Neither Eales loan bears interest. The July 2025 loan instead carried a repayment premium, as previously described. Veloce repaid £870,000, or approximately $1,149,425, to Mr. Eales in October 2025; of that amount, £750,000, or approximately $990,884, was funded by the October 2025 Webb advance described above and the remaining £120,000, or approximately $159,075, came from Veloce.

Darryl Eales - combined loan balance

Item	Amount (£)
2024 loan, unpaid balance carried forward	121,000
Principal per signed July 10, 2025 loan agreement	1,000,000
Loan premiums per Veloce accounting *(see NTD below)*	87,500
Less: repaid, believed October 2025 (of which £750,000 funded by the Webb October 2025 advance and £120,000 by Veloce)	(870,000)
Balance at June 30, 2026	**£338,500 (~USD$448,641)**

Veloce Loan - Seb Williams

Mr. Williams loaned Veloce £100,000, or approximately $132,583 *(see Note 2, Foreign Currency Translation)*. under a July 11, 2025 Shareholders Loan Agreement. The proceeds of the loan were applied to the acquisition of Quadrant. The note began accruing a fixed interest amount of £5,000, or approximately $6,626, per month on October 11, 2025. As of June 30, 2026, £130,000 comprised of principal and interest, or approximately $172,299, is outstanding.

Ming Global loaned Veloce £500,000 or approximately $662,691 *(see Note 2, Foreign Currency Translation)* in June of 2023. During the remainder of 2023 and throughout 2024 a total of £412,797, or approximately $547,113, was repaid. In 2025 no payments were made and in January and May fees and administrative costs were added to the open balance. There is no set maturity date for the facility. The loan bears interest at 16% per annum. Interest is paid monthly so there is no accrued interest owed on the facility. A payment of £20,000, or approximately $26,507, was made in June 2026. At June 30, 2026, the unpaid principal with fees and administrative costs was £116,115, or approximately $153,897.

Note 11. Stockholders' Equity

Reverse Split

On July 30, 2026, Sports Entertainment Gaming Global Corporation. (the "Company") filed a Certificate of Amendment (the "Certificate of Amendment") with the Secretary of State for the State of Delaware to amend the Company's Amended Certificate of Incorporation to effect, effective as of 5:30 p.m. Eastern Time on July 31, 2026, a 7 for 1 reverse stock split (the "Reverse Stock Split") of its common stock, par value $0.001 per share ("Common Stock"). At the effective time of the Reverse Stock Split, every seven shares of Common Stock either issued and outstanding or held as treasury stock were automatically reclassified into one new share of Common Stock. The total number of shares of Common Stock authorized for issuance did not change as a result of the Reverse Stock Split. The Reverse Stock Split was approved by the Company's stockholders at the Company's 2025 annual meeting of stockholders held on February 9, 2026 (the "2025 Annual Meeting"). The Reverse Stock Split ratio was authorized by the board of directors of the Company (the "Board") on July 29, 2026, in accordance with the 2025 Annual Meeting. The Common Stock opened for trading on The Nasdaq Stock Market LLC ("Nasdaq") on a reverse split-adjusted basis on August 3, 2026, under the existing trading symbol "SEGG."

The new CUSIP number for the Common Stock following the Reverse Stock Split is 54570M405. The par value per share of Common Stock remained unchanged at $0.001. The Company's publicly traded warrants continue to be traded on Nasdaq under the symbol "LTRYW" and the CUSIP number for the warrants remained unchanged.

In addition, as a result of the Reverse Stock Split, proportionate adjustments were made to the number of shares of Common Stock underlying the Company's outstanding equity awards, the number of shares issuable upon the exercise of the Company's outstanding warrants and the number of shares issuable under the Company's equity incentive plans and certain existing agreements, as well as the exercise, grant and acquisition prices of such equity awards and warrants, as applicable.

No fractional shares were issued in connection with the Reverse Stock Split. Stockholders who would otherwise have been entitled to receive fractional shares as a result of the Reverse Stock Split were entitled to a cash payment (without interest or deduction) in lieu thereof at a price equal to the fraction of one share to which the stockholder would otherwise be entitled multiplied by the closing price per share of Common Stock on Nasdaq on July 31, 2026, the date of the effective time of the Reverse Stock Split.

Preferred Stock

Pursuant to the Company's charter, the Company is authorized to issue 1,000,000 shares of preferred stock, par value $0.001 per share. Our board of directors has the authority without action by the stockholders, to designate and issue shares of preferred stock in one or more classes or series, and the number of shares constituting any such class or series, and to fix the voting powers, designations, preferences, limitations, restrictions and relative rights of each class or series of preferred stock, including, without limitation, dividend rights, conversion rights, redemption privileges and liquidation preferences, which rights may be greater than the rights of the holders of the common stock. As of June 30, 2026, there were no shares of preferred stock issued and outstanding.

Common Stock

Our Charter authorizes the issuance of an aggregate of 500,000,000 shares of Common Stock, par value of $0.001 per share. The shares of Common Stock are duly authorized, validly issued, fully paid and non-assessable. Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL. Unless our Board determines otherwise, we will issue all shares of our common stock in an uncertificated form. Holders of our Common Stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders. The holders of Common Stock do not have cumulative voting rights in the election of directors. Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our Common Stock will be entitled to receive pro rata our remaining assets available for distribution.

As of June 30, 2026 and December 31, 2025, 3,184,816 and 982,975 shares of Common Stock, post reverse stock split, respectively, were outstanding. During the six months ended June 30, 2026, the Company issued the following shares of common stock:

Conversion of debt to equity	62,586
Granted in lieu of cash	658,799
Direct placement of common stock	349,980
Sales of common stock to public investors	525,926
Issued for acquisition	352,207
Issued under stock purchase agreement	300,680
Total	2,250,178

Public Warrants

After giving effect to the Business Combination and the reverse stock splits that occurred after the Public Warrants were issued, as of June 30, 2026, Public Warrants were outstanding for the purchase of an aggregate of 14,375 shares of common stock at an exercise price of $16,100.00 per share. That total includes previously issued warrants of AutoLotto, now warrants of SEGG Media, exercisable for an aggregate of 283 shares of common stock.

In accordance with their terms, the Public Warrants expired on October 29, 2026, the fifth anniversary of the completion of the Trident Combination. No Public Warrants were exercised before expiration, and none remain outstanding. The Public Warrants were classified in stockholders' equity, so their expiration had no effect on the Company's results of operations. *See Note 16, Subsequent Events.*

Private Warrants

Private warrants of Trident issued before the business combination were forfeited and did not transfer to the surviving entity.

Unit Purchase Option

On June 1, 2018, the Company sold to the underwriter (and its designees), for $100, an option to purchase up to a total of 12,500 Units exercisable at $1,680.00 per Unit (or an aggregate exercise price of $21,000,000) commencing on the consummation of the Business Combination. The 12,500 Units represents the right to purchase 12,500 shares of common stock and 12,500 warrants to purchase 12,500 shares of common stock. The unit purchase option, which was exercisable for cash or on a cashless basis, at the holder's option, expired on May 29, 2023. The Units issuable upon exercise of this option were identical to those offered by Lottery.com. The Company accounted for the unit purchase option, inclusive of the receipt of $100 cash payment, as an expense of the Business Combination resulting in a charge directly to stockholders' equity. As of December 31, 2023 all of the 12,500 Units had been forfeited.

Common Stock

In connection with the Veloce acquisition, the Company issued prefunded warrants to one of the selling shareholders of Veloce. The value of these warrants has been recorded as part of acquisition accounting and therefore is not reflected in the table below. During the year ended December 31, 2025, 13,926 warrants were issued. The Company issued 5,010 warrants during the year ended December 31, 2024. All warrants issued during 2024 and 2025 are fully vested.

The Company recorded warrant expense of $0 for the six months ended June 30, 2026, and recorded warrant related expenses of $693,397 for the year ended December 31, 2025.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2025	60,193	$ 50.45	2.0	$ 2,742,015
Granted	-	-	-	-
Exercised	(60,173)	-	-	(2,741,045)
Forfeited/cancelled	(327)	$ 30.40	-	-
Outstanding at March 31, 2026	21	$ 2,128.11	2.0	970
Granted				
Exercised				
Forfeited/cancelled				
Outstanding at June 30, 2026	21	$ 2,128.11	1.5	$ -

Note 12. Stock-based Compensation Expense

2015 Stock Option Plan

Prior to the closing of the Business Combination, AutoLotto had the AutoLotto, Inc. 2015 Stock Option/Stock Issuance Plan (the "2015 Plan") in place. Under the 2015 Plan, incentive stock options may be granted at a price not less than fair market value of the common stock (110% of fair value to holders of 10% or more of voting stock). If the Common Stock is at the time of grant listed on any Stock Exchange, then the Fair Market Value shall be the closing selling price per share of Common Stock on the date in question on the Stock Exchange, as such price is officially quoted in the composite tape of transactions on such exchange and published in The Wall Street Journal. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists. If the Common Stock is at the time neither listed on any Stock Exchange, then the Fair Market Value shall be determined by the Board of Directors or the Committee acting in its capacity as administrator of the Plan after taking into account such factors as the Plan Administrator shall deem appropriate. The maximum number of shares of Common Stock which may be issued over the term of the Plan shall not exceed Three Hundred Twenty-One (321). Options are exercisable over periods not to exceed 10 years (five years for incentive stock options granted to holders of 10% or more of voting stock) from the date of grant. Shares of Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and immediately vested upon issuance or may vest in one or more instalments over the Participant's period of Service or upon attainment of specified performance objectives. The Plan Administrator may not impose a vesting schedule upon any option grant or the shares of Common Stock subject to that option which is more restrictive than twenty percent (20%) per year vesting, with the initial vesting to occur not later than one (1) year after the option grant date. However, such limitation shall not be applicable to any option grants made to individuals who are officers of the Corporation, non-employee Board members or independent consultants.

2021 Equity Incentive Plan

In connection with the Business Combination, our board of directors adopted, and our stockholders approved, the Lottery.com 2021 Incentive Award Plan (the "2021 Plan") under which 8,807 shares of Class A common stock were initially reserved for issuance. The 2021 Plan allows for the issuance of incentive and non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock or cash-based awards. The number of shares of the Company's Class A common stock available for issuance under the 2021 Plan increases annually on the first day of each calendar year, beginning on and including January 1, 2022 and ending on and including January 1, 2031 by a number of shares of Company common stock equal to five percent (5%) of the total outstanding shares of Company common stock on the last day of the prior calendar year. Notwithstanding the foregoing, the Board may act prior to January 1st of a given year to provide that there will be no such increase in the share reserve for such year or that the increase in the share reserve for such year will be a lesser number of shares of Company common stock than would otherwise occur pursuant to the preceding sentence.

On February 9, 2026, Company stockholders unanimously approved to increase the number of shares reserved for issuance under the 2021 Plan to 535,714.

Stock Options

The Company issued 22,223 stock options during the quarter ended March 31, 2026 and 0 stock options during the quarter ended June 30, 2026. The following table shows stock option activity for the year ended December 31, 2025 and the six months ended June 30, 2026:

	Shares Available for Grant	Outstanding Stock Awards	Average Exercise Price	Weighted Remaining Contractual Life (years)	Weighted Average Aggregate Intrinsic Value
Outstanding at December 31, 2025	-	14,445	$ 143.57	2.7	$ -
Granted	-	22,223	9.45	3.8	-
Exercised	-	-	-	-	-
Forfeited/cancelled	-	-	-	-	-
Outstanding at March 31, 2026	-	36,667	$ 63.95	3.4	-
Granted	-	-	-	-	-
Exercised	-	-	-	-	-
Forfeited/cancelled	-	-	-	-	-
Outstanding at June 30, 2026		36,667	$ 63.95	3.2	$

Restricted awards

The Company awarded restricted stock to employees on October 28, 2021, which were granted with various vesting terms including immediate vesting, service-based vesting, and performance-based vesting. In accordance with ASC 718, the Company has classified the restricted stock as equity.

For employee issuances, the measurement date is the date of grant, and the Company recognizes compensation expense for the grant of the restricted shares over the service period for the restricted shares that vest over a period of multiple years and for performance-based vesting awards, the Company recognizes the expense when management believes it is probable the performance condition will be achieved. As of December 31, 2021, the Company had granted 27,375 shares with vesting to begin April 2022. For the year ended December 31, 2022, the Company recognized $27,137,991 of stock compensation expense related to the employee restricted stock grants. As of June 30, 2026 and December 31, 2025, unrecognized stock-based compensation associated with the restricted stock awards is $0.

Note 13. Income Taxes

We are required to file federal and state income tax returns in the United States. The preparation of these tax returns requires us to interpret the applicable tax laws and regulations in effect in such jurisdictions, which could affect the amount of tax paid by us. In consultation with our tax advisors, we base our tax returns on interpretations that are believed to be reasonable under the circumstances. The tax returns, however, are subject to routine reviews by the various federal and state taxing authorities in the jurisdictions in which we file tax returns. As part of these reviews, a taxing authority may disagree with respect to the income tax positions taken by us ("uncertain tax positions") and, therefore, may require us to pay additional taxes. As required under applicable accounting rules, we accrue an amount for our estimate of additional income tax liability, including interest and penalties, which we could incur as a result of the ultimate or effective resolution of the uncertain tax positions. We account for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carry forwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

In connection with the acquisition of Veloce on February 17, 2026 *(see Note 4, Business Combination and Acquisitions)*, the Company's consolidated results include the operations of a United Kingdom subsidiary beginning on the acquisition date. The effect of Veloce's operations on the Company's income tax provision for the period from February 17, 2026 through June 30, 2026 was not material. The Company does not intend to repatriate the earnings of its foreign subsidiary to the United States and has not provided for U.S. federal or foreign withholding taxes on any undistributed earnings of Veloce as a result.

Note 14. Commitments and Contingencies

Indemnification Agreements

The Company enters into indemnification provisions under its agreements with other entities in its ordinary course of business, typically with business partners, customers, landlords, lenders and lessors. Under these provisions, the Company generally indemnifies and holds harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of the Company's activities or, in some cases, as a result of the indemnified party's activities under the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is unlimited. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of June 30, 2026 and December 31, 2025.

Digital Securities

In 2018, the Company commenced a sale offering and issuance (the "LDC Offering") of 285 million revenue participation interests (the "Digital Securities") of the net raffle revenue of LDC Crypto Universal Public Company Limited ("LDC"). The Digital Securities do not have any voting rights, redemption rights, or liquidation rights, nor are they tied in any way to other equity securities of LDC or the Company nor do they otherwise hold any rights that a holder of equity securities of LDC or the Company may have or that a holder of traditional equity securities or capital stock may have. Rather, each of the holders of the Digital Securities has a pro rata right to receive 7% of the net raffle revenue. If the net raffle revenue is zero for a given period, holders of the Digital Securities are not eligible to receive any cash distributions from any raffle sweepstakes of LDC for such period. For the years ended December 31, 2024 and December 31, 2023, the company did not incur any obligations to the holders of the outstanding Digital Securities. For the year ended December 31, 2021, the Company incurred an obligation to pay an aggregate amount of approximately $5,632 to holders of the outstanding Digital Securities. The Company did not satisfy that obligation during the years ended December 31, 2022 through 2025.

Leases

On September 1, 2024, the company moved its headquarters to Fort Worth, Texas under a membership agreement with a monthly cost of $154. The Company also leased a premise in Boca Raton, Florida for $25,000 per month under a 12-month lease agreement that commenced on August 1, 2024, and continued thru July 31, 2025. Under the former Chief Executive Officer, use of the premises in Boca Raton were held over beyond the end of the lease, and the Company paid month-to-month rent for August through November incurring an additional $100,000 of rent expense. Veloce utilizes a smaller facility as an executive and administrative office rented on a month-to-month basis for approximately $6,600 per month. The larger London office where employees of Veloce work was on a 5-year lease that expired on November 2, 2025. Veloce continued to utilize that facility on a month-to-month basis until a new lease was entered on May 3, 2026, for approximately $11,600 per month, with a twelve-month term that ends on May 2, 2027. For the twelve months ended December 31, 2025, rent expense was $346,382. For the six months ended June 30, 2026, rent expense, including the Veloce offices from the February 17, 2026 acquisition date, was $136,931. Rent expense for the six months ended June 30, 2025 was $263,271.

As of June 30, 2026, future minimum rent payments due under non-cancellable leases are as follows:

Years ending December 31,	**Amount**
2026 (remaining six months)	$ 69,583
2027	46,388
Thereafter	-
	$ 115,971

Litigation and Other Loss Contingencies

The Company is involved in various legal proceedings, claims, regulatory matters, and other contingencies arising in the ordinary course of business. The Company evaluates each matter as it develops and records a liability when it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated, in accordance with ASC 450, *Contingencies*. If a loss is reasonably possible but not probable, or if the amount of loss cannot be reasonably estimated, no liability is recorded, but the Company discloses the nature of the contingency when appropriate.

As of June 30, 2026, the Company had various pending legal and regulatory matters, including litigation and claims described in *Part II, Item 1 – Legal Proceedings* and, where applicable, *Note 16 – Subsequent Events*. Based on information currently available, management does not believe that any loss contingency for which a liability has not been recorded is both probable and reasonably estimable as of June 30, 2026. Accordingly, except as otherwise disclosed in these consolidated financial statements, no material accruals for litigation or other loss contingencies have been recorded as of June 30, 2026.

Note 15. Related Party Transactions

The Company has from time to time entered into transactions with related parties. The Company regularly reviews these transactions; however, the Company's results of operations may have been different if these transactions were conducted with nonrelated parties.

Founder's Loans

During the year ended December 31, 2020, the Company entered into borrowing arrangements with the individual founders to provide operating cash flow for the Company. The Company repaid $4,700 during 2021 and the outstanding balance remained $13,000 on June 30, 2026 and December 31, 2025.

United Capital Investments London Limited

It has determined that United Capital Investments London Limited ("UCIL") should be considered a related party of the Company by virtue of the direct or indirect interests held in UCIL by Matthew McGahan, the Company's then Chief Executive Officer and Chairman, and Barney Battles, a former director of the Company, during the period the Company's financing relationship with UCIL was in effect.

The Company was party to a credit facility with UCIL, originally entered into on July 26, 2023, amended and restated on August 8, 2023, amended on August 18, 2023, and further amended and restated on February 16, 2024 to increase the facility from $49,000,000 to $149,000,000. On January 20, 2026, the Company terminated all financing agreements with UCIL at its election. During the life of the agreement, UCIL loaned the Company $2,291,224 and converted $1,921,900 into shares of common stock. As of June 30, 2026, the outstanding balance under the facility was $369,936, and accrued interest in connection with the facility on June 30, 2026 was $93,523. *See Note 10, Notes Payable and Convertible Debt.*

Following the termination, UCIL believed the amount owed under the facility was larger than the amount reflected in the Company's accounting records. Multiple written requests have been made, and UCIL has not provided any support for a larger amount. *See Note 14, Commitments and Contingencies,* and *Part II, Item 1, "Legal Proceedings."*

Consulting Services - Christopher Gooding

Christopher Gooding, appointed as a director of the Company on August 10, 2023, is an attorney licensed in the United Kingdom. He previously provided limited consulting services to the Company's outside general counsel on select U.K. legal matters that could potentially impact the Company. These consulting services began in February 2024, and Mr. Gooding was compensated separately for his director compensation, receiving a total of $264,000 in 2024. To maintain his independence as a director, Mr. Gooding ceased providing all consulting services to the Company's outside general counsel as of June 30, 2025. His compensation for consulting services from January 1, 2025 to June 30, 2025 was $144,000. Other than matters where Mr. Gooding is a named defendant alongside the Company in the legal proceeding initiated by Honey Tree Trading LLC further described in *Part II, Item 1 – Legal Proceedings*, Mr. Gooding provides opinions on all Board matters solely in his capacity as an independent director, with no additional compensation from the Company or its outside general counsel.

Loan from Executive Officer - Robert J. Stubblefield

During the quarter ended September 30, 2024, the Company entered into a borrowing arrangement with Robert J. Stubblefield, the Company's Chief Financial Officer, to provide funding for certain operating expenses of the Company. On September 30, 2024, the Loan amount was $57,682. Additional amounts were provided by Mr. Stubblefield during the quarter ended December 31, 2024 and the loan amount at year end was $67,941. The Loan was issued at zero percent interest. In February 2025, the Company granted shares of common stock which repaid the loan in full.

Promissory Notes - Gregory Potts and Robert J. Stubblefield

On January 13, 2026, the Company issued promissory notes to two of its executive officers, Gregory Potts, the Company's Chief Operating Officer, and Robert J. Stubblefield, the Company's Chief Financial Officer and Interim President and Chief Executive Officer, in exchange for payroll that had accrued during 2022 for Mr. Potts and for 2023 through the summer of 2024 for both of them but had not been paid when due. The note issued to Mr. Potts has an original principal amount of $258,448 and was executed on the Company's behalf by Mr. Stubblefield; the note issued to Mr. Stubblefield has an original principal amount of $291,485 and was executed on the Company's behalf by Marc Bircham, Chairman of the Company's Board of Directors. No portion of either note has been paid repaid or converted, and the full principal amount of each remains outstanding. *See Note 10, Notes Payable and Convertible Debt*, for each note's interest rate, maturity date, and accrued interest.

Related Person Determination. Because Mr. Potts and Mr. Stubblefield are each executive officers of the Company, both notes are related person transactions under the Company's Related Party Transactions Policy and under Item 404(a) of Regulation S-K, and each is a related party transaction under ASC 850. The two notes carry different governance profiles worth noting separately: the Potts Note was executed by Mr. Stubblefield, a fellow executive officer, in favor of Mr. Potts, while the Stubblefield Note was executed by Mr. Bircham, the Board's independent Chairman, in favor of Mr. Stubblefield, which is the structure that Nasdaq Listing Rule 5630 and ordinary governance practice call for when an officer's own compensation is at issue.

Veloce-Related Arrangements - MPA Commercial Ltd and MPA Creative Ltd

Dan Bailey, the Company's Chief Commercial Officer and a member of its Board of Directors, is a shareholder, director and officer of MPA Commercial Ltd, a United Kingdom public relations agency, and MPA Creative Ltd, a United Kingdom motorsport marketing company (together, the "MPA Entities"). Both companies did business with Veloce before the Company acquired a controlling interest in it on February 17, 2026 (the "Veloce Acquisition Date"), and those relationships have continued. Mr. Bailey and MPA Creative Ltd were also each selling shareholders of Veloce under the Share Purchase Agreements for the Veloce acquisition *(see Note 4, Business Combination and Acquisitions).* U.S. dollar amounts below are translated as described in Note 2, Foreign Currency Translation.

Loan from MPA Creative Ltd. In October 2024, about sixteen months before the Veloce Acquisition Date, MPA Creative Ltd advanced Veloce Esports Limited £130,000 (approximately $172,300) in four transactions under an unsecured arrangement that carries no stated interest and has no fixed maturity date. The arrangement predates the Company's acquisition of Veloce and its current management, and the Company did not negotiate or

approve it. Veloce repaid £30,000 (approximately $39,761) before the Veloce Acquisition Date and a further £5,000 (approximately $6,627) between the Veloce Acquisition Date and June 30, 2026. As of June 30, 2026, £95,000 (approximately $125,911) remained outstanding. *See Note 10, Notes Payable and Convertible Debt*, for the recorded balance and balance sheet classification.

Service arrangements. MPA Commercial Ltd provides public relations services to Veloce Esports Limited, and MPA Creative Ltd provides motorsport marketing services to Veloce Racing Limited.

Balances. As of June 30, 2026, Veloce had accounts receivable of £22,270 (approximately $29,516) from the MPA Entities and trade payables of £95,000 (approximately $125,911) owed to them. These balances are included in accounts receivable, net and trade payables on the condensed consolidated balance sheet.

Related Person Determination. Because Mr. Bailey is the Company's Chief Commercial Officer and a member of the Company's Board of Directors, and is also a shareholder and a director and officer of both MPA Commercial Ltd and MPA Creative Ltd, each of the arrangements described herein, the pre-existing MPA Creative Ltd loan, the ongoing MPA Commercial Ltd and MPA Creative Ltd service arrangements, and the resulting accounts receivable and accounts payable balances, is a related person transaction under the Company's Related Party Transactions Policy, under Item 404(a) of Regulation S-K (as modified for smaller reporting companies by Item 404(d)), and under ASC 850. MPA Creative Ltd was also, separately, a selling shareholder of Veloce under the Share Purchase Agreements comprising the Veloce acquisition *(see Note 4, Business Combination and Acquisitions),* which is an independent basis for related person status to the extent MPA Creative Ltd's resulting ownership of the Company's common stock meets the beneficial ownership threshold under Item 404(a).

As a smaller reporting company, the Company applies the disclosure threshold in Item 404(d), the lesser of $120,000 or one percent of the Company's average total assets for its last two completed fiscal years. The MPA Creative Ltd loan balance alone, $125,911 as of June 30, 2026, exceeds $120,000, which is the ceiling of that threshold regardless of the asset-based prong; the aggregate amount involved across the loan, the accounts payable balance, and the service fees described above is correspondingly in excess of the disclosure threshold.

Veloce-Related Arrangements - Jamie MacLaurin Promissory Notes

In connection with the Veloce acquisition *(see Note 4, Business Combination and Acquisitions),* the Company identified three promissory notes, two in the principal amount of £10,000 and made on January 29, 2026, and an older one in the amount of £3,510 (£23,510 in the aggregate, or approximately $31,061 *(see Note 2, Foreign Currency Translation)*, under which Veloce Esports Limited and Quadrant respectively, loaned funds to Jamie MacLaurin, a Senior Vice President and executive officer of the Company, prior to the Veloce Acquisition Date. The notes are non-interest-bearing unless not repaid by their maturity date of September 30, 2027, at which time interest begins to accrue. Veloce's management disclosed the existence of these notes to the Company.

Related Person Determination. Because Mr. MacLaurin is an executive officer of the Company, the Company's continued maintenance of these notes following the Veloce Acquisition Date raises considerations under Section 402 of the Sarbanes-Oxley Act of 2002 (Section 13(k) of the Securities Exchange Act of 1934), which generally prohibits a public company, directly or through any subsidiary, from extending or maintaining credit, or arranging for the extension of credit, in the form of a personal loan to or for any director or executive officer.

Mr. MacLaurin has repaid the notes as of the filing of this report.

Veloce-Related Arrangements - Jack Clarke Promissory Note

In connection with the Veloce acquisition *(see Note 4, Business Combination and Acquisitions),* the Company identified a promissory note in the amount of £1,594, approximately $2,066 *(see Note 2, Foreign Currency Translation)*, under which Veloce lent funds to Jack Clarke, Chief Strategy Officer and an executive officer of the Company, prior to the Veloce Acquisition Date. The note is non-interest-bearing. Veloce's management disclosed the existence of this note to the Company.

Related Person Determination. Because Mr. Clarke is an executive officer of the Company, the Company's continued maintenance of these notes following the Veloce Acquisition Date raises considerations under Section 402 of the Sarbanes-Oxley Act of 2002 (Section 13(k) of the Securities Exchange Act of 1934), which generally prohibits a public company, directly or through any subsidiary, from extending or maintaining credit, or arranging for the extension of credit, in the form of a personal loan to or for any director or executive officer.

Mr. Clarke has repaid the note as of the filing of this report.

Note 16. Subsequent Events

Management has evaluated these events in accordance with ASC 855, Subsequent Events, and determined that they represent non-recognized subsequent events, as it relates to conditions arising after the balance sheet date. Accordingly, no adjustments to the consolidated financial statements were required.

USA Today Litigation

On July 6, 2026, the Company commenced litigation in the District Court of Tarrant County, Texas against USA TODAY Co., Inc. (formerly Gannett Co., Inc.), and certain affiliated entities relating to an Advertising Agreement executed in December 2016. The complaint alleges that the defendants have refused to recognize or permit the Company's use of the remaining advertising inventory available under the agreement despite the Company's efforts since 2024 to exercise its contractual rights. The Company is seeking declaratory relief, damages, and other available remedies. As of the date these financial statements were issued, the litigation remains in its preliminary stages. *See Part II, Item 1, "Legal Proceedings."*

Sports.com Predict Public Launch

On July 22, 2026, Sports.com Predict moved from a limited, waitlist-based rollout to full public access, in jurisdictions where such access is currently permitted, and the platform's catalog expanded to 1,195 prediction markets across 18 additional sports categories. *See Part I, Item 2, "Current Plan of Operations - Sports.com Predict."*

Lottery.com Affiliate Model

On July 26, 2026, the Company's Board of Directors approved the transition of Lottery.com exclusively to an affiliate-based operating model. On July 20, 2026, the Company announced International Gaming Alliance ("IGA") as its first partner under this model, pursuant to which IGA is expected to fund market entry, licensing, marketing, and customer acquisition costs for an initial group of markets across Latin America and Canada. *See Part I, Item 2, "Current Plan of Operations - Lottery.com Affiliate Model."*

Other matters arising after June 30, 2026 are addressed in the sections of this Report to which they most directly relate, including the restatement of previously issued financial statements described in Note 3 and the Company's Nasdaq listing compliance status described *in Part I, Item 2, "Impact of Legacy Matters on Current Operations."*

Reverse Stock Split

Effective July 31, 2026, the Company effected a 1-for-7 reverse stock split of its common stock, as described in Note 11. Share and per-share amounts in these condensed consolidated financial statements have been retroactively adjusted for all periods presented.

Expiration of Public Warrants

On October 29, 2026, the Company's publicly traded warrants (Nasdaq: LTRYW), exercisable for an aggregate of 14,375 shares of common stock at $16,100.00 per share, expired in accordance with their terms without having been exercised. Nasdaq has filed a Form 25 to remove the warrants from listing, and they are no longer outstanding. Removal of the public warrants from listing on Nasdaq had no effect on the Company's common stock and the expiration had no effect on the Company's Financial Statements. *See Note 11, Stockholders' Equity.*

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

The following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and the related notes appearing elsewhere in this Report contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events may differ materially from those expressed or implied in such forward- looking statements as a result of various factors, including those set forth in the section entitled "Cautionary Note Regarding Forward-Looking Statements" included herein and the sections entitled "Risk Factors" included in this Report and in our Annual Report on Form 10-K for the year ended December 31, 2025 (our "Annual Report")

The Company's results of operations for the three and six months ended June 30, 2026 are not directly comparable to the corresponding prior-year periods due to the acquisition of Veloce on February 17, 2026 and the matters described in the Explanatory Note, below under "Restatement of Previously Issued Financial Statements," and in Note 3 to the condensed consolidated financial statements included in this Report, which affect the comparability of prior-period amounts presented in this Report. Accordingly, the Company's consolidated results for the current period which include the operating results of Veloce from the acquisition date through June 30, 2026, which materially affected the composition of the Company's revenues, expenses, and results of operations are not directly comparable to the same periods of the previous year.

Restatement of Previously Issued Financial Statements

As previously described in the Explanatory Note and in Note 3 to the condensed consolidated financial statements included in this Report, the Company's Audit Committee, in consultation with Company's management and its independent registered public accounting firm, has concluded that the Company's previously issued financial statements require certain corrections to address the Legacy Transactions. As such, the Annual Report on Form 10-K/A for the year ended December 31, 2021, its Annual Report on Form 10-K for the year ended December 31, 2022, and its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022 (collectively, the "Affected Reports") should no longer be relied upon and require restatement, and that its financial statements for the years ended December 31, 2023, December 31, 2024, and December 31, 2025, and the interim periods within those years (collectively, the "Correction Periods"), require correction but were not rendered unreliable despite the corrections needed. The Company's Audit Committee and management do not believe the error corrections to Correction Period financial statements would alter a reasonable investor's assessment of the Company's financial condition or results of operations for those periods. The Company has yet to file the amended Annual or Quarterly Reports reflecting the Legacy Transaction corrections. This Report presents the Company's financial statements for the period covered hereby, including comparative prior-period amounts on a corrected basis properly accounting for the Legacy Transactions in advance of filing amendments to the Company's previously issued financial statements.

Impact of Legacy Matters on Current Operations

Legacy Matters have had, and continue to have, a material impact on the Company's current operations, financial condition, and strategic execution. Legacy Matters include: the cessation of certain legacy lottery-based operations in 2022; previously identified material weaknesses in internal control over financial reporting; the Prior Restatement, in which the Company previously restated its financial statements to remove more than $60 million of revenue recognized in connection with improper transactions orchestrated and recorded by certain of the Company's former executives; and the restatement and correction described above under "Restatement of Previously Issued Financial Statements" and in Note 3, which the Company considers an additional Legacy Matter, separate from and in addition to the Prior Restatement. While the Company has transitioned from stabilization toward execution of its strategic growth phase, the effects of these matters, including prior operational disruption, control deficiencies, and capital constraints, remain relevant to, and in some respects distinct from, an understanding of current performance, and are discussed further in Part I, Item 4, Controls and Procedures, and Part II, Item 1A, Risk Factors. For the Affected Reports covering December 31, 2020 through December 31, 2022, the error corrections decrease previously reported revenue, deferred revenue, and cash as of December 31, 2020; decrease revenue reported in the first and second quarters of 2021; increase the accumulated deficit reported as of December 31, 2021; decrease goodwill, intangible assets, and total assets as of December 31, 2021 and December 31, 2022; and decrease amortization expense for Global Gaming intangible assets in all 2022 reporting periods. The restatement's most significant effects are on the balance sheets and results of operations for 2020 and 2021.

For the Correction Periods from January 1, 2023 through December 31, 2025, the error corrections reduce amortization expense and eliminate previously recorded impairment expense related to Global Gaming. These expenses are no longer required because the restated carrying values of the Global Gaming assets are lower on the dates the impairment analyses were performed. The resulting decreases in amortization and impairment expense reduce previously reported operating losses and accumulated deficits for each interim Correction Period.

Operational Restart and Execution Focus

Following the cessation of certain legacy operations in 2022, the Company has been engaged in a phased operational restart. Current operations reflect a transition from a legacy model primarily dependent on lottery-based revenue toward a more diversified platform across sports, entertainment, and gaming. As a result, period-over-period comparisons may not be indicative of underlying performance trends, as prior periods reflect a fundamentally different operating structure. For many components of the Company, current operating results are more closely aligned with early-stage platform development, integration of newly acquired or partnered assets, and the reestablishment of commercial activities. Veloce Media Group and its entities are early-stage growth companies with growing customer bases and revenue, operating a portfolio of digital media, esports, motorsports, and content brands that the Company estimates reach a combined global audience of approximately 500 million people across owned and partner provided digital and social media channels. Management believes this audience represents an opportunity to cross-promote and drive engagement across the Company's broader portfolio, including Sports.com, Concerts.com, and Lottery.com.

Revenue Profile and Business Mix

The Company's historical concentration in lottery-related revenue has been replaced by a broader, but still developing, revenue base. While this transition is expected to improve long-term scalability and diversification, prior to the Veloce acquisition it has resulted in near-term variability in revenue and limited comparability to historical results. Revenue generation in the current period is increasingly tied to digital media, content platforms, and strategic acquisitions, including the Company's investment in Veloce, which expands the Company's reach into global digital motorsports and gaming audiences. These platforms introduce different revenue recognition patterns, margin profiles, and monetization timelines compared to the Company's legacy operations. Separately, as described in Note 3, previously reported revenue for periods 2021 and 2022 has been corrected to remove amounts recorded in error; that correction does not affect revenue in the current period but is relevant to understanding the comparability of the Company's revenue trends over time.

Cost Structure and Investment Requirements

The Company's cost structure has been significantly impacted by its transition. Current operating expenses reflect:

- Ongoing investments in rebuilding operational capabilities;
- Costs associated with integration of acquisitions and strategic initiatives, including Veloce-related activities;
- Professional fees related to legal, accounting, and compliance matters stemming from Legacy Matters, including the Company's completed internal inquiry and the anticipated restatement, by amendment, of prior periodic reports as described in Note 3; and
- Continued investment in infrastructure necessary to support a scalable operating platform.

These costs are expected to remain elevated in the near term as the Company continues to execute its transformation strategy as part of the strategic growth phase, and as it completes the work described above relating to the restatement.

Liquidity and Capital Allocation

Legacy Matters have materially affected the Company's liquidity profile, necessitating continued reliance on external financing to fund operations and strategic initiatives. The errors described in Note 3 relate to historical periods and, based on the Company's evaluation to date did not affect the Company's cash position or liquidity for the periods presented in this Report; the Company does expect, however, to continue incurring costs associated with the completion of the restatement described in Note 3, which it does not currently expect to be significant to its liquidity.

On March 16, 2026, the Company entered into a Securities Purchase Agreement pursuant to which it agreed to issue unsecured convertible promissory notes in an aggregate principal amount of up to approximately $11.8 million, to be funded in multiple tranches. The initial tranche was funded upon execution, with subsequent tranches subject to customary conditions. This financing, along with other recent capital raises, has been vital in supporting the Company's operational restart, funding strategic initiatives, and addressing obligations arising from Legacy Matters. On May 26, 2026, the Company also issued a $3.5 million unsecured convertible promissory note to Amorua Global, Inc. However, such financings have resulted in, and may continue to result in, dilution to existing stockholders.

The Company's delinquency in filing this and other periodic reports, addressed in this filing, has resulted in Nasdaq Listing Qualifications Staff deficiency letters under Listing Rule 5250(c)(1). The Company has submitted compliance plans to Nasdaq Staff and is working diligently to complete and file its delinquent periodic reports, including by completing the restatement of its prior periodic reports described in Note 3, as promptly as practicable.

Management has implemented a disciplined capital allocation framework focused on deploying capital into revenue-generating opportunities and initiatives that are expected to support near- to medium-term financial performance. The Company's ability to execute its strategy remains dependent on its ability to access additional capital on acceptable terms, including in light of continuing costs associated with the matters described in this section.

Internal Controls and Reporting Processes

The Company continues to implement remediation steps to address previously identified material weaknesses in internal control over financial reporting. In connection with the matters described in Note 3, the Company's completed internal inquiry identified errors originating in 2020 and 2021, predating the Company's business combination and its current management team, which the Company has concluded will require restatement of its previously issued financial statements. Management believes these errors reflect a continuation of the Company's previously disclosed material weaknesses or evidence of additional material weakness specific to the pre-business-combination period. In the abundance of caution, Management and the Audit Committee will consider whether the Company's existing remediation steps require enhancement in light of the discovery of those errors. See Part I, Item 4, Controls and Procedures, for the Company's formal conclusions regarding the effectiveness of its disclosure controls and procedures and internal control over financial reporting for the period covered by this Report. Management continues to invest in personnel, systems, and processes to strengthen the control environment and support scalable operations. The Company is working on a transition to a new accounting system and plans to add to the finance and accounting team in Q4.

Strategic Execution and Integration Risk

The Company's current strategy includes the acquisition and integration of complementary businesses and platforms. While these initiatives are expected to contribute to revenue growth and strategic positioning, they introduce execution risks, including integration complexity, alignment of operating models, and realization of anticipated synergies. Legacy Matters, including the restatement described in Note 3, have necessitated a more measured and disciplined approach to execution, with an emphasis on transactions that are expected to deliver tangible revenue contributions and align with the Company's capital constraints.

Transition from Remediation to Operations

Since 2022, much of management's time has gone to stabilizing the business, remediating legacy problems, and restructuring operations. That work is not finished, and the restatement described in Note 3 is part of it. Management is now able to spend more of its time on running the operating businesses and building revenue. Revenue for the six months ended June 30, 2026 was $4.4 million, with most of it from Veloce since February 17, 2026, and the Company still depends on outside financing to fund its operations. The changes in how the Company operates include:

- Restarting certain operations that were stopped in 2022
- Acquisitions and partnerships, including Veloce
- Developing revenue beyond lottery-based activities
- Closely monitoring how capital is approved and spent

This operational progress is separate from the Legacy Matters described in this section, including the restatement described in Note 3, which remain active and, in the case of the restatement, remain unresolved pending the amendment of the Company's previously filed Annual Reports on Form 10-K for the years ended December 31, 2021 through December 31, 2025 and Quarterly Reports on Form 10-Q for the quarters within that period. While risks remain, including liquidity constraints, execution risk associated with integrating new platforms, and the matters described above and in Part I, Item 4, and Part II, Item 1A, management believes the Company's current operations are better organized than they were in 2022, with revenue-generating businesses in place and management's attention shifting from remediation to running those businesses. There can be no assurance, however, that these changes will result in profitable operations or reduce the Company's need for outside financing.

Ongoing Impact and Path Forward

Legacy Matters continue to influence the Company's current operations and financial reporting, including through elevated operating costs, a transitional revenue profile, ongoing capital requirements, and the restatement described in Note 3. Management remains focused on regaining compliance with Nasdaq's continued listing requirements, completing the restatement as promptly as practicable, scaling revenue-generating operations, improving operating efficiency, strengthening the balance sheet, and continuing to enhance internal controls and compliance processes. The Company's future performance will depend on its ability to successfully execute this strategy, resolve the matters described above, and convert its repositioned platform into sustainable revenue growth and long-term stockholder value.

Our Current Revenue

During the three and six months ended June 30, 2026, the Company generated revenue from digital media and advertising services, data services, and gaming operations. The acquisition of Veloce on February 17, 2026 expanded the Company's operations to include digital media businesses whose operating results have been included in the Company's consolidated financial statements beginning on the acquisition date which was February 17, 2026.

- Digital Media and Advertising Services. Revenue from the Company's digital media operations is generated through the sale of digital advertising, sponsorships, branded content, media production services, content licensing, and other commercial partnerships across its portfolio of digital media properties and social media channels.
- Data Services. Commercial customers subscribe to the Company's data services for access to proprietary data products. Certain customers also purchase large data sets on a per-record basis. The Company additionally enters into multi-year commercial agreements for the delivery of anonymized transaction data in accordance with its Terms of Service.
- Gaming Operations. Revenue from the Company's gaming operations is generated primarily through its operations in Mexico and includes iLottery products and related gaming services. The company anticipates new revenue from the recently launched lottery affiliate program beginning in the fourth quarter.

Company Operating Costs and Expenses

Personnel Costs. Personnel costs include salaries, payroll taxes, health insurance, worker's compensation and other benefits for management and office personnel.

Professional Fees. Professional fees include fees paid for legal and financial advisors, accountants and other professionals related to the Business Combination subsequent acquisitions, and other transactions.

General and Administrative. General and administrative expenses include marketing and advertising expenses, office and facilities lease payments, travel expenses, bank fees, software dues and subscriptions, expensed research and development ("R&D") costs and other fees and expenses.

Depreciation and Amortization. Depreciation and amortization expenses include depreciation and amortization expenses on real property, intangible, and other assets.

Key Trends and Factors Affecting Our Results

Our results of operations and financial condition are affected by changes in advertising markets, consumer engagement with digital media, gaming activity, the timing and integration of acquired businesses, and general economic and capital market conditions.

Digital Media and Advertising

The acquisition of Veloce on February 17, 2026 materially changed the Company's operations by adding digital media and advertising revenues beginning on the acquisition date. Revenue from these operations is affected by advertising demand, sponsorship activity, content production schedules, audience engagement across digital platforms, and the timing of commercial campaigns. Advertising revenue may also fluctuate due to seasonal spending patterns and broader economic conditions that affect marketing budgets.

Data Services

Revenue from data services is affected by customer demand for subscription-based data products, the renewal and expansion of commercial agreements, and the timing of deliveries under multi-year data licensing arrangements. Results may vary based on customer purchasing patterns and the timing of new contract awards.

Gaming Operations

Revenue from gaming operations is generated primarily through the Company's operations in Mexico. Results are affected by gaming activity, customer participation levels, regulatory requirements, and the continued operation and expansion of authorized gaming products within applicable jurisdictions.

Acquisition of Veloce

The acquisition of Veloce in February 2026 materially affected the comparability of the Company's results of operations with prior periods. Accordingly, period-to-period comparisons should be considered in light of the inclusion of Veloce's operating results from the acquisition date of February 17, 2026 through June 30, 2026. Veloce continues to operate as a standalone business following the acquisition, and the Company does not currently intend to integrate Veloce's operations with its other business lines. The Company has established financial reporting, governance, and oversight processes to incorporate Veloce into the Company's consolidated financial statements and internal control environment, and expects costs associated with these processes to continue during 2026.

Capital Resources and Liquidity

The Company's operations and growth strategy require continued access to capital to fund working capital requirements, operating activities, strategic investments, and acquisition-related obligations. The Company's liquidity and results of operations are affected by its ability to obtain additional financing, the availability and cost of capital, and prevailing capital market conditions.

During 2026, the Company became delinquent in filing certain periodic reports with the SEC. As a result, the Company experienced limitations on certain financing alternatives available to reporting companies in good standing and incurred additional costs associated with completing its financial reporting obligations and regaining compliance with applicable reporting requirements. Management continues to evaluate financing alternatives while prioritizing available capital toward operating activities of its high-growth potential businesses, integration of acquired businesses, and initiatives intended to support revenue generation.

Regulatory Environment

The Company's operations are subject to federal, state, and international laws and regulations, including securities laws applicable to public companies and licensing and regulatory requirements applicable to its gaming operations. Changes in applicable laws or regulations, the timing or cost of obtaining or maintaining required licenses, and compliance with ongoing reporting obligations may affect the Company's operating results and financial condition.

Financial Reporting and Governance

During the current reporting period and thereafter, the Company has continued to enhance its financial reporting processes, internal controls, and corporate governance practices. The Company also completed work necessary to determine amounts and prepare for restatement of previously issued financial statements as announced in an 8-K filed on October 8, 2026. These activities have required and are expected to continue requiring significant management attention and guidance from professional resources and have increased operating expenses during the first half of 2026. Expenses incurred to date and expected to be incurred in connection with amended and restated filings of financial statements have not been and are not expected to become material. The Company does anticipate additional expenses in the fourth quarter for implementation of enhancements to processes and tools and completing the restatement described in Note 3.

Industry Trends

The Company operates in industries that continue to evolve as consumer engagement increasingly shifts toward digital media, sports and entertainment content, and interactive gaming experiences. Demand for digital advertising, sponsorship opportunities, media production services, and gaming products may be affected by changes in consumer behavior, advertising markets, technological developments, and general economic conditions, any of which may influence the Company's operating results.

Current Plan of Operations

As a result of the acquisition of Veloce in February 2026, the Company's operating plan is increasingly focused on supporting the growth of its digital media and advertising businesses while continuing to operate and expand its gaming and data services businesses.

A significant component of management's operating plan is supporting the continued operation and growth of Veloce as a standalone business while establishing appropriate financial reporting, governance, and oversight processes within the Company's consolidated operating structure. Management expects to continue enhancing these processes throughout 2026.

Veloce's business includes a portfolio of digital media, esports, motorsports, and content businesses, including Quadrant, which supports audience engagement, branded content, sponsorship, and commercial partnership activities. While Veloce and Quadrant will continue to operate as a standalone business, management intends to leverage their content creation capabilities, digital media expertise, commercial relationships, and audience reach to support the continued development and commercialization of other brands within the Company's portfolio, including Sports.com, Concerts.com, and Lottery.com, where appropriate.

The Company continues to evaluate previously announced acquisition opportunities as part of its overall capital allocation and strategic planning process, including its previously announced agreement to acquire a majority interest in Nook Holdings Limited, described further below. Management regularly evaluates proposed transactions based on available capital, market conditions, strategic priorities, and expected financial returns. As a result, the Company may proceed with, modify, delay, or terminate proposed transactions based on its assessment of these considerations and the satisfaction of potential applicable closing conditions.

The Company's operations are currently focused on expanding revenue generated from its digital media, advertising, data services, and gaming businesses. Management intends to continue developing its portfolio of digital media properties, including Sports.com, Concerts.com, and other owned intellectual property, while evaluating additional opportunities to expand advertising, sponsorship, branded content, media production, content licensing, commercial partnerships, and related digital media activities consistent with available capital resources and market conditions.

Nook Holdings Limited

On June 10, 2025, the Company entered into an Amended Stock Purchase Agreement with the shareholders of Nook Holdings Limited ("Nook"), a private limited company incorporated and registered in the Abu Dhabi Global Market, Abu Dhabi, United Arab Emirates, pursuant to which the Company agreed to acquire a 90% interest in Nook for a total purchase price of approximately $2.46 million. As of the date of this Report, the Company has paid $1,520,000 of the purchase price. The transaction has not yet closed. The Company anticipates closing when it determines the timing is right for the Company, though it can provide no assurance as to the timing of closing, or that the transaction will be completed on the terms described above, or at all. The payment is reported in "Other current assets" on the Company's balance sheet. If the transaction does not close, the deposits would be refunded.

Nook operates a co-working business in Dubai serving individuals and companies in the sports, health, and wellness sectors seeking access to the Dubai and broader Middle Eastern market and has procured approximately 200 licenses through its arrangement with the Dubai Multi-Commodities Centre Free Zone ("DMCC"), which includes access to business setup support, insurance, and value-added-tax registration services. Consistent with the Company's strategy of developing its portfolio of digital media and sports-focused properties, the Company intends to rebrand Nook under the Sports.com brand upon closing. This transaction remains subject to the satisfaction of closing conditions, and the Company may modify, delay, or terminate it consistent with its evaluation of proposed transactions described above.

Sports.com Predict

On April 28, 2026, the Company entered into a technology partnership with Polymarket to power Sports.com Predict, the Company's sports prediction market platform, ahead of the 2026 FIFA World Cup. Under the arrangement, the Company and Polymarket participate in a transaction-based revenue share on trades executed through the platform.

Subsequent to the period covered by this Report, following a phased, waitlist-based rollout, Sports.com Predict moved to full public access on July 22, 2026, in jurisdictions where such access is permitted. At that time the platform's catalog expanded to 1,195 prediction markets across 18 additional sports categories.

In September 2026, the Company temporarily took Sports.com Predict offline. The decision was made to conserve financial resources while the Company works to complete its delinquent periodic reports and regain compliance with its SEC reporting obligations and Nasdaq listing requirements, which have limited its access to capital. The decision was not related to the performance of the platform, the Polymarket relationship, or any regulatory action. The Polymarket agreement remains in effect.

Management continues to believe that Sports.com Predict represents a meaningful opportunity for the Company. Its transaction-based structure has the potential to become a recurring revenue stream that grows with platform usage. The Company intends to relaunch the platform once its reporting is current and it has sufficient resources to support operations.

Lottery.com Affiliate Model

Subsequent to the period covered by this Report, on July 26, 2026, the Company's Board of Directors approved the transition of Lottery.com exclusively to an affiliate-based operating model, under which Lottery.com is positioned as the Company's master global affiliate platform, connecting users to licensed third-party lottery operators rather than directly engaging in activities related to lottery gaming. The initial rollout under this model is expected to prioritize licensed lottery operators in North and Latin America, consistent with the Company's previously announced strategy of prioritizing investment in international gaming operations beginning with Mexico.

Also subsequent to the period covered by this Report, on July 20, 2026, the Company announced its first partner under this affiliate model, International Gaming Alliance ("IGA"), pursuant to which IGA is expected to fund market entry, licensing, marketing, and customer acquisition costs for an initial group of markets across Latin America and Canada, while the Company retains brand and strategic oversight and deploys its proprietary technology platforms, including Spektrum, which the Company created in 2025 after acquiring the underlying assets from PlusEVO Ltd. In connection with this transition, the Company also plans to relaunch the Lottery.com website as an information and affiliate hub rather than a platform through which the Company offers gaming directly. As of the date of this report, IGA has funded development costs for the Lottery.com affiliate website and initiated processes to obtain licenses to operate in multiple jurisdictions.

Management believes this affiliate-based approach may allow the Company to expand Lottery.com's presence in new regulated markets with reduced capital intensity relative to direct lottery operations, while preserving the Company's ability to operate directly in select markets where doing so aligns with its long-term strategy. There can be no assurance that the Company will successfully recruit additional affiliate partners, that IGA or future partners will fund and execute planned market expansion as anticipated, or that this model will achieve its intended commercial benefits.

Management continues to evaluate existing operations and capital allocation priorities and may defer, modify, or discontinue initiatives that do not meet operational, financial, or strategic objectives. The Company intends to prioritize investments that support current operations, revenue generation, and the continued growth and operational support of its operating businesses.

The Company also continues to evaluate opportunities to expand certain international operations, including its gaming business in Mexico and the initial rollout of the Lottery.com affiliate model described above, its pending acquisition of Nook Holdings Limited in the United Arab Emirates described above, and other markets where management believes expansion opportunities may exist, subject to available capital, regulatory requirements, and market conditions.

Management is continuing to strengthen the Company's financial reporting and operational infrastructure. Current initiatives include enhancing financial reporting systems and processes, improving internal controls, incorporating newly acquired businesses into the Company's financial reporting and internal control environment, completing implementation of a new accounting system, and expanding accounting, finance, and administrative resources and capabilities necessary to support a growing multi-entity organization.

The Company's operating plan remains dependent on maintaining sufficient liquidity to fund operations, satisfy acquisition-related obligations, and support working capital requirements. Management expects to continue evaluating available financing alternatives, strategic partnerships, and other capital sources as necessary to support its operations and business objectives.

Over the next twelve months, management expects its principal uses of capital to include:

- Funding working capital requirements and ongoing operations;
- Supporting existing operating businesses and related corporate initiatives;
- Satisfying acquisition-related obligations, including the remaining amount payable in connection with the Nook transaction described above;
- Investing in technology, operational infrastructure, and platform development; and
- Supporting sales, marketing, and other commercial activities intended to expand revenue.

Management expects its operating activities during the remainder of 2026 to remain focused on supporting the continued growth of its operating businesses, expanding existing revenue-generating operations, strengthening financial reporting and operational processes, and managing liquidity and capital resources.

Results of Operations

Our consolidated financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. We will require additional capital to meet our long-term operating requirements. We expect to raise additional capital through, among other things, the sale of equity or debt securities and issuance of debt or convertible debt.

Three Months Ended June 30, 2026 Compared to Three Months Ended June 30, 2025

The following table summarizes our results of operations for the three months ended June 30, 2026 and 2025.

For the three months ended June 30, 2026 and 2025

	For the three months ended June 30,			
	2026	**2025**	**$ Change**	**% Change**
Revenue	$ 3,228,990	$ 191,762	3,037,228	1,584%
Cost of revenue	2,291,536	162,733	2,128,803	1,308%
Gross profit	937,454	29,029	908,425	3,129%
Operating expenses:				
Personnel costs	1,313,926	438,966	874,960	199%
Professional fees	1,605,627	1,339,869	265,758	20%
General and administrative	1,816,359	1,127,724	688,635	61%
Depreciation and amortization	1,023,879	942,644	81,235	9%
Total operating expenses	5,759,791	3,849,203	1,910,588	50%
Loss from operations	(4,822,337)	(3,820,174)	(1,002,163)	26%
Other expenses				
Interest expense	453,918	80,063	373,855	467%
Interest income	(13,394)	(15,642)	2,248	-14%
Other expense	9,745	(11,066)	20,811	188%
Other income	(2,813,948)	(12,967)	2,800,981	21,601%
Total other expenses, net	(2,363,679)	40,388	(2,404,067)	-5,952%
Net loss before income tax	$ (2,458,658)	$ (3,860,562)	1,401,904	-36%
Income tax expense (benefit)	-	-	-	-
Net loss	(2,458,658)	(3,860,562)	1,401,904	-36%

Revenue. Revenue for the three months ended June 30, 2026 was $3.2 million, an increase of $3.04 million, or 1,584%, compared to $192,000 for the three months ended June 30, 2025. For the three months ended June 30, 2026, revenue was lower by: $47,000 for Sports.com Media, $27,000 for core operations, $27,000 for Global Gaming, and $25,000 for TinBu. These decreases were offset by revenue for Veloce which was not present for the three months ended June 30, 2025.

Cost of Revenue. Cost of revenue includes content creation and media production expenses, talent and rights-related costs, advertising fulfilment costs, revenue-sharing arrangements, merchandise costs, data acquisition costs, platform hosting and technology expenses, payment processing fees, affiliate commissions, and payments to gaming partners and lottery providers. Cost of revenue for the three months ended June 30, 2026 was $2.3 million, an increase of $2.1 million, or 1,308%, compared to $163,000 for the three months ended June 30, 2025. For the three months ended June 30, 2026, cost of revenue was lower by: $115,000 for Sports.com Media, and $5,000 for Global Gaming, These decreases were offset by costs of revenue for Dotcom Ventures and Veloce which were not present for the three months ended June 30, 2025.

Gross Profit. Gross profit for the three months ended June 30, 2026 was $937,000, compared to $29,000 for the three months ended June 30, 2025, an increase of $908,000, or 3,129%. For the three months ended June 30, 2026, Gross profit was lower: for core operations by $27,000, for TinBu by $24,000, and for Global Gaming by $22,000, and higher for Sports.com Media by $69,000, compared to the three months ended June 30, 2025. These changes were offset by gross profit for Veloce which was not present for the three months ended June 30, 2025.

Operating Costs and Expenses.

	For the three months ended June 30,			
	2026	2025	$ Change	% Change
Operating expenses:				
Personnel costs	1,313,926	438,966	874,960	199%
Professional fees	1,605,627	1,339,869	265,758	20%
General and administrative	1,816,359	1,127,724	688,635	61%
Depreciation and amortization	1,023,879	942,644	81,235	9%
Total operating expenses	5,759,791	3,849,203	1,910,588	50%
Loss from operations	(4,7822,337)	(3,820,174)	(1,002,163)	26%

Operating Expenses. Operating expenses for the three months ended June 30, 2026 were $5.8 million, an increase of $1.9 million, or 50%, compared to $3.8 million for the three months ended June 30, 2025. There were increases to: Personnel costs by $875,000, General and administrative by $689,000, Professional fees by $266,000, and depreciation and amortization by $81,000 as described below.

Personnel Costs. Personnel costs were $1.3 million for the three months ended June 30, 2026, an increase of $875,000, or 199%, from $439,000 for the three months ended June 30, 2025. Personnel costs were lower: for core operations by $43,000 and for Sports.com Media by $8,000 These decreases were offset by increases for Dotcom Ventures and Veloce which were not present for the three months ended June 30, 2025.

Professional Fees. Professional fees were $1.6 million for the three months ended June 30, 2026, an increase of $266,000, or 20%, from $1.3 million for the three months ended June 30, 2025. Professional fees for core operations were $184,000 higher partially offset by a decrease of $42,000 for Sports.com Media. The remaining increase is related to Veloce, which was not present for the three months ended June 30, 2025.

General and Administrative. General and administrative expenses were $1.8 million for the three months ended June 30, 2026, an increase of $689,000, or 61%, from $1.1 million for the three months ended June 30, 2025. General and administrative expenses were higher: by $128,000 for core operations, and by $23,000 for Global Gaming. Dotcom Ventures with expenses of $21,000 and Veloce which accounts for the remainder of the increase were not present for the three months ended June 30, 2025.

Depreciation and Amortization. Depreciation and amortization was $1.0 million for the three months ended June 30, 2026, an increase of $81,000, or 9%, from $943,000 for the three months ended June 30, 2025. Depreciation and amortization decreased by: $676,000 for core operations due to certain intangible assets becoming fully amortized prior to or during Q2, and by $80,000 for Global Gaming. This decrease was offset by increases in amortization of intangibles for DotCom Ventures and Veloce, both of which were not present for the three months ended June 30, 2025.

Other (Income) Expense, Net.

	For the three months ended June 30,			
	2026	2025	$ Change	% Change
Other (income) expenses				
Interest expense	453,918	80,063	374,000	538%
Interest income	(13,394)	(15,642)	2,248	14%
Other expense	9,745	(11,066)	20,811	188%
Other income	(2,813,948)	(12,967)	(2,800,981)	21,601%
Total other (income) expenses, net	(2,363,679)	40,388	(2,404,067)	-5,952%

Interest Expense. Net interest expense for the three months ended June 30, 2026 was $454,000, compared to net interest expense of $80,000 for the three months ended June 30, 2025. Approximately 50% of the year over year increase, $216,000, is related to new funding transactions entered into by the parent company. The remaining 50% of the $431,000 increase is attributed to DotCom Ventures ($78,000) and Veloce ($148,000) that were not present in the 2025 numbers.

Interest Income. Net interest income for the three months ended June 30, 2026 was roughly the same as for the three months ended June 30, 2025.

Other Expense. Other expense, net for the three months ended June 30, 2026 was $10,000, compared to other income, net, of ($11,000) for the three months ended June 30, 2025.

Other Income. Other income for the three months ended June 30, 2026 was $2.8 million, compared to other income of $13,000 for the three months ended June 30, 2025. Substantially, all of this increase is related to write-offs of accounts payable and accrued liabilities that had been included in the Company's accounting records longer than the statute of limitations for them. Because the statute of limitations has expired, those debts are now time-barred, and the creditors can no longer use the legal system to enforce or compel payment. During the three months ended June 30, 2026, the Company recorded accounting entries to reduce accounts payable and accrued liabilities with the other side of those entries recorded as other income

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

The following table summarizes our results of operations for the six months ended June 30, 2026 and 2025.

For the six months ended June 30, 2026 and 2025

	For the six months ended June 30,			
	2026	**2025**	**$ Change**	**% Change**
Revenue	$ 4,429,973	$ 415,611	4,014,362	966%
Cost of revenue	3,161,000	325,201	2,835,799	872%
Gross profit	1,268,973	90,410	1,178,563	1,304%
Operating expenses:				
Personnel costs	2,336,958	1,125,603	1,211,355	108%
Professional fees	3,922,199	2,429,076	1,493,123	61%
General and administrative	2,878,011	1,870,567	1,007,444	54%
Depreciation and amortization	2,126,815	1,837,962	288,833	16%
Total operating expenses	11,263,983	7,263,228	4,000,755	55%
Loss from operations	(9,995,010)	(7,172,818)	(2,822,192)	39%
Other (income) expenses				
Interest expense	850,738	151,870	698,868	460%
Interest income	(13,394)	(211,989)	(198,595)	-94%
Other expense	1,022,229	(11,066)	1,033,295	9,338%
Other income	(5,856,257)	(77,539)	5,778,718	7,453%
Total other (income) expenses, net	(3,996,684)	(148,724)	3,847,960	2,587%

Revenue. Revenue for the six months ended June 30, 2026 was $4.4 million, an increase of $4.0 million, or 966%, compared to $416,000 for the six months ended June 30, 2025. Revenue for the six months ended June 30, 2026 was lower by: $86,000 for Sports.com Media, $70,000 for TinBu, $63,000 for Global Gaming, and $54,000 for core operations, These decreases were offset by revenue from Veloce which was not present for the six months ended June 30, 2025.

Cost of Revenue. Cost of revenue includes content creation and media production expenses, talent and rights-related costs, advertising fulfilment costs, revenue-sharing arrangements, merchandise costs, data acquisition costs, platform hosting and technology expenses, payment processing fees, affiliate commissions, and payments to gaming partners and lottery providers. Cost of revenue for the six months ended June 30, 2026 was $3.2 million, an increase of $2.8 million, or 872%, compared to $325,000 for the six months ended June 30, 2025. Cost of revenue was lower by: $113,000 for Sports.com Media, and by $21,000 for core operations. The increase for the six months ended June 30, 2026 is related to Veloce, which was not present for the six months ended June 30, 2025.

Gross Profit. Gross profit for the six months ended June 30, 2026 was $1.3 million, compared to $90,000 for the six months ended June 30, 2025, an increase of $1.2 million, or 1,304%. Gross profit was lower by: $68,000 for TinBu, $63,000 for Global Gaming, and $33,000 for core operations, partially offset by higher gross margin for Sports.com Media by $28,000. The increase in gross profit is related to Veloce which was not present in for the six months ended June 30, 2025.

Operating Costs and Expenses.

	For the six months ended June 30,			
	2026	2025	$ Change	% Change
Operating expenses:				
Personnel costs	2,336,958	1,125,603	1,211,355	108%
Professional fees	3,922,199	2,429,076	1,493,123	61%
General and administrative	2,878,011	1,870,567	1,007,444	54%
Depreciation and amortization	2,126,815	1,837,982	288,833	16%
Total operating expenses	11,263,983	7,263,228	4,000,755	55%
Loss from operations	(9,995,010)	(7,172,818)	(2,822,192)	39%

Operating Expenses. Operating expenses for the six months ended June 30, 2026 were $11.3 million, an increase of $4.0 million, or 55%, compared to $7.3 million for the six months ended June 30, 2025. There were increases to: Personnel costs by $1.2 million, Professional fees by $1.5 million, General and administrative expenses by $1.0 million, and Depreciation and amortization by $289,000 as described below.

Personnel Costs. Personnel costs were $2.3 million for the six months ended June 30, 2026, an increase of $1.2 million, or 108%, from $1.1 million for the six months ended June 30, 2025. Personnel costs decreased by $208,000 for core operations and $54,000 for TinBu. These decreases were offset by increases for Dotcom Ventures and Veloce which were not present for the six months ended June 30, 2025.

Professional Fees. Professional fees were $3.9 million for the six months ended June 30, 2026, an increase of $1.5 million, or 61%, from $2.4 million for the six months ended June 30, 2025. Professional fees related to core operations increased $1.2 million and for Sports.com Media by $82,000. The remainder of the increase for the six months ended June 30, 2026 is related to Veloce, which was not present for the six months ended June 30, 2025.

General and Administrative. General and administrative expenses were $2.9 million for the six months ended June 30, 2026, an increase of $1.0 million, or 54%, from $1.9 million for the six months ended June 30, 2025. For the six months ended June 30, 2026, *G*eneral and administrative expenses were higher: for core operations by $141,000 and for Global Gaming by $82,000 partially offset by a decrease for TinBu by $10,000. There were increases for Dotcom Ventures and Veloce, which were not present for the six months ended June 30, 2025.

Depreciation and Amortization. Depreciation and amortization was $2.1 million for the six months ended June 30, 2026, an increase of $289,000, or 16%, from $1.8 million for the six months ended June 30, 2025. Depreciation and amortization was lower: for core operations by $937,000 because certain intangible assets became fully amortized in the six months ended June 30, 2026, There were increases for Dotcom Ventures and Veloce which were not present for the six months ended June 30, 2025.

Other (Income) Expense, Net.

	For the six months ended June 30,			
	2026	2025	$ Change	% Change
Other (income) expenses				
Interest expense	850,738	151,870	698,868	460%
Interest income	(13,394)	(211,989)	(198,595)	-94%
Other expense	1,022,229	(11,066)	1,033,295	-9,338%
Other income	(5,856,257)	(77,539)	(5,778,718)	7,453%
Total other (income) expenses, net	(3,996,684)	(148,724)	(3,847,960)	2,587%

Interest Expense. Interest expense for the six months ended June 30, 2026 was $851,000, compared with interest expense of $152,000 for the six months ended June 30, 2025, an increase of $699,000 or 460%. The increase is primarily due to $382,000 related to new convertible debt for core operations along with interest expense for Dotcom Ventures and Veloce which was not present for the six months ended June 30, 2026.

Interest Income. Interest income for the six months ended June 30, 2026 was $13,000, compared to interest income of $21*2,000* for the six months ended June 30, 2025, a decrease of $199,000 or (94%). Interest income for the six months ended June 30, 2025 included a catch-up entry recorded on the note receivable.

Other Expense. Other expense for the six months ended June 30, 2026 was $1.0 million, compared to other expense, of ($11,000) for the six months ended June 30, 2025, an increase of $1.03 million or 9,338%. The increase for the six months ended June 30, 2026 is related to waiver and consent fees, forbearance fees paid to lenders for extensions of maturity dates of notes, and miscellaneous other expenses for core operations. In addition, Dotcom Ventures and Veloce incurred Other expense which were not present for the six months ended June 30, 2025.

Other Income. Other income for the six months ended June 30, 2026 was $5.9 million, compared to other income, of $78,000 for the six months ended June 30, 2025, an increase of $5.8 million or 7,453%. The increase is primarily due to write-offs of accounts payable and accrued liabilities that had been included in the Company's accounting records longer than the statute of limitations for them. Because the statute of limitations has expired, those debts are now time-barred, and the creditors can no longer use the legal system to enforce or compel payment. During the six months ended June 30, 2026, the Company recorded accounting entries to reduce accounts payable and accrued liabilities with the other side of those entries recorded as other income.

Liquidity and Capital Resources

The Company's primary liquidity requirements consist of funding working capital, operating activities, strategic investments, acquisition-related obligations, and general corporate purposes. Management continues to prioritize the allocation of available capital toward initiatives intended to support revenue generation [with a focus on the highest revenue growth components of the consolidated organization], operational development, and the continued growth of the Company's operating businesses.

Since beginning its restructuring in 2022, the Company has repositioned its business strategy through strategic acquisitions and investments in revenue-generating businesses. As of June 30, 2026, the Company's liquidity strategy remains focused on maintaining sufficient capital to support ongoing operations, satisfy existing obligations, pursue selected strategic opportunities, and strengthen its operating businesses and supporting infrastructure. The Company's liquidity requirements increased during the period as a result of the acquisition of Veloce, continued investments in operating businesses, and ongoing expenditures associated with financial reporting, corporate governance, and public company compliance.

In March 2026 and May 2026, the Company entered into Securities Purchase Agreements providing for the issuance of unsecured convertible promissory notes. These financing arrangements are intended to provide working capital, support the Company's liquidity, and fund operating activities, acquisition-related obligations, strategic initiatives, and other general corporate purposes. The Company's future liquidity will continue to depend on cash flows generated by its operating businesses, the availability of external financing, and prudent management of operating expenditures and capital resources.

Management continues to evaluate a variety of financing alternatives, including debt and equity financing, strategic partnerships, and other capital sources. The timing, availability, and terms of any future financing will depend on several factors, including market conditions, the Company's operating performance, capital requirements, and the status of its periodic reporting obligations under the Securities Exchange Act of 1934.

Execution of the Company's operating plan remains dependent upon disciplined capital allocation, cash flows generated by its operating businesses, and the availability of external sources of capital.

As discussed elsewhere in this Report, delays in the Company's periodic reporting have affected the availability of certain financing alternatives during 2026. Management is working to restore compliance with its periodic reporting obligations and regain timely reporting status, which management expects will expand the financing alternatives available to the Company. There can be no assurance that additional financing will be available when needed or, if available, on terms acceptable to the Company, or at all.

Capital Deployment Framework

The Company's capital deployment framework is intended to allocate available capital in a manner that supports ongoing operations, strategic investments, and long-term value creation while preserving financial flexibility. Management evaluates capital allocation decisions based on a number of factors, including (i) the expected contribution of a proposed investment or transaction to revenue growth and cash flow generation, (ii) its strategic alignment with the Company's businesses in sports, entertainment, media, and gaming, (iii) the anticipated operational and commercial benefits of the investment, (iv) the expected impact on the Company's capital structure and existing shareholders, including potential dilution, and (v) the Company's available liquidity and capital requirements.

Management generally prioritizes investments and strategic transactions that it believes can be supported by available capital resources or committed financing, and which are expected to contribute to the Company's operating objectives. Capital allocation decisions are continually evaluated in light of market conditions, available liquidity, strategic priorities, anticipated financial returns, and the Company's overall operating and financial objectives.

The Company's operating strategy remains dependent upon continued access to capital. During the six months ended June 30, 2026, the Company continued to execute its strategy through strategic acquisitions, investments in revenue-generating businesses, and capital raising activities. Management expects that additional capital resources may be required to support future operating activities, strategic investments, acquisition-related obligations, and other corporate initiatives.

There can be no assurance that additional financing will be available on acceptable terms, or at all. If the Company is unable to obtain sufficient capital, it may be required to delay, modify, or discontinue certain strategic initiatives, acquisitions, capital expenditures, or other planned investments. Management intends to continue prioritizing the allocation of available capital toward initiatives that support current operations, revenue generation, financial discipline, and the long-term development of the Company's operating businesses.

These conditions, together with the Company's recurring operating losses, negative cash flows from operations, working capital deficit, significant indebtedness, and continued dependence on external financing to meet its operating cash requirements, raise substantial doubt about the Company's ability to continue as a going concern for one year from the date these financial statements are issued. For additional information, see *Note 2 – Significant Accounting Policies – Going Concern* to the consolidated financial statements included in this Report, as well as the related risk factors included in the Company's Annual Report on Form 10-K.

Historical Convertible Debt Financing

Prior to the Closing of the Business Combination, the Company funded its operations through the issuance of convertible promissory notes.

From August to October 2017, the Company entered into seven Convertible Promissory Note Agreements with unaffiliated investors for an aggregate amount of $821,500. The notes bore interest at 10% per year, were unsecured, and were due and payable on June 30, 2019. The maturity of the notes was subsequently extended to December 2021. One of these notes was repaid in 2021 and the balance has remained $771,500 since December 31, 2021.

From November 2018 through 2021, the Company issued convertible promissory notes with unaffiliated investors in an aggregate principal amount of approximately $47.7 million. The notes bore interest at 8% per year, were unsecured, and were due and payable on dates ranging from December 2020 to December 2022. For notes maturing on or before December 31, 2020, the maturity was extended to December 2021, and the related amendments allowed for automatic conversion to equity in connection with the Business Combination. Nearly all of the notes described above automatically converted into shares of Common Stock, or were terminated pursuant to their terms, in connection with the Closing. Those that remain outstanding did not have conversion terms that were triggered by or remained outstanding following the Closing and subsequently have been reflected as Notes Payable and no longer as Convertible Debt.

Immediately prior to the Closing, approximately $60.0 million of convertible debt was converted into equity of AutoLotto.

The Company's currently outstanding notes payable and convertible debt, including instruments entered into after the Business Combination, are described in Note 10, Notes Payable and Convertible Debt.

Cash Flows

Net cash used in operating activities was $10.4 million for the six months ended June 30, 2026, compared to net cash used in operating activities of $1.0 million for the six months ended June 30, 2025. The increase came mainly from two items tied to cleaning up the Company's balance sheet, not from weaker results in the underlying business. We reduced accrued and other expenses by $3.6 million, compared to an increase of $0.7 million for the six months ended June 30, 2025. Additionally the six months ended June 30, 2026 includes a $4.8 million non-cash write-off of time-barred accounts payable. That write-off reduced our liabilities and our net loss, but because it resulted in a reduction to liabilities, it is reported as a use of cash when calculating operating cash flow.

Net cash provided by investing activities was $15,000 for the six months ended June 30, 2026, compared to net cash used in investing activities of $608,000 for the six months ended June 30, 2025. Cash used in investing activities for the six months ended June 30, 2026 was from the disposal of property and equipment and for the six months ended June 30, 2025 cash used in investing activities was related to payments made as deposits for acquisitions.

Net cash provided by financing activities was $9.6 million for the six months ended June 30, 2026, compared to net cash provided by financing activities of $1.9 million for the six months ended June 30, 2025. Proceeds from: the stock purchase agreement were roughly the same for each year; from issuance of convertible notes were $3.4 million higher, from direct placements $1.7 million higher and from sales of shares to public investors $2.4 million higher for the six months ended June 30, 2026 than for the six months ended June 30, 2025.

Emerging Growth Company Accounting Election

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. We are an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, and have elected to take advantage of the benefits of this extended transition period. We expect to remain an emerging growth company through the end of 2026 and we expect to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare the financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with U.S. GAAP. Certain of our accounting policies require that management apply significant judgments and estimates in defining the appropriate assumptions integral to financial estimates. Judgments are based on historical experience and other factors that we believe to be reasonable under the circumstances, such as terms of contracts, industry trends and information available from outside sources, as appropriate. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates. We have applied significant estimates and assumptions related to the following:

Revenue and Cost Recognition

Revenue

The Company recognizes revenue in accordance with ASC 606. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are generally recognized upon the transfer of control of promised products provided to our users, customers, and subscribers, reflecting the amount of consideration we expect to receive for those products. We enter into contracts that can include various products, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of any taxes collected from users, commercial partners and subscribers, which are subsequently remitted to governmental authorities. The revenue recognition policy is consistent for sales generated directly with users, and sales generated indirectly through affiliates, other solution partners, and our commercial partners.

Revenues are recognized upon the application of the following steps:

1. Identification of a contract or contracts with a user, customer or subscriber;

2. Identification of performance obligation(s) in the contract;

3. Determination of the transaction price;

4. Allocation of the transaction price to the performance obligations in the contract; and

5. Recognition of revenue when, or as, the performance obligation is satisfied.

Contracts with users and customers for lottery game sales are at the point of sale and may include transfer of multiple products to a user or a customer and generally do not require future obligations. In these situations, the Company generally considers each transferred product as a separate performance obligation. The Company evaluates whether it acts as a principal or agent in these arrangements. Where the Company acts as an agent, revenue is recognized on a net basis representing the commission or fee retained.

The Company also has contracts with subscribers for the continued delivery of lottery data over a defined period of time. In accounting for these contracts, the Company generally considers each set of data as a separate performance obligation and recognizes revenue on their delivery reliability over the service period of the agreement. The Company's products are sold without a right of return or refund; the Company's terms of service and contracts generally include specific language that disclaims any warranties.

Cost of Revenue

Cost of revenue consists primarily of the direct costs incurred in generating the Company's digital media, advertising, and data services revenue, together with the direct costs associated with its interactive gaming operations. These costs include content creation and media production expenses, talent and rights-related costs, advertising fulfilment costs, revenue-sharing arrangements, data acquisition costs, platform hosting and technology expenses, payment processing fees, affiliate commissions, and payments to gaming partners and lottery providers, as applicable. Cost of revenue is recognized in the period in which the related revenue is recognized or expected to be recognized, which may result in recording Deferred Costs in order to match them with recognition of related revenue. Certain variable costs, including revenue-sharing arrangements, commissions, and other direct costs, are recognized concurrently with the associated revenue.

Income Taxes

For both financial accounting and tax reporting purposes, the Company reports income and expenses based on the accrual method of accounting.

For federal and state income tax purposes, the Company reports income or loss from their investments in limited liability companies on the consolidated income tax returns. As such, all taxable income and available tax credits are passed from the limited liability companies to the individual members. It is the responsibility of the individual members to report the taxable income and tax credits, and to pay any resulting income taxes. Therefore, in relation to the income and losses incurred by the limited liability companies, they have been consolidated in the Company's tax return and provision based upon its relative ownership.

Income taxes are accounted for in accordance with ASC 740, "*Income Taxes*" ("ASC 740"), using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related benefit will not be realized.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (i) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position; and (ii) for those tax positions that meet the more likely than not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Generally, the taxing authorities can audit the previous three years of tax returns and in certain situations audit additional years. For federal tax purposes, the Company's 2021 through 2025 tax years generally remain open for examination by the tax authorities under the normal three-year statute of limitations (based on the filing dates of the returns). For state tax purposes, the Company's 2021 through 2025 tax years remain open for examination by the tax authorities under the normal four-year statute of limitations (based on the filing dates of the returns).

Income taxes for the three and six months ended June 30, 2026 and the year ended December 31, 2025 were not a significant component of the Company's results of operations. The Company has incurred cumulative losses and maintains a full valuation allowance against its deferred tax assets. As a result, no material income tax expense or benefit has been recognized.

The Company's accounting for income taxes reflects management's current assessment of available information and is subject to refinement as additional analysis is completed. Any such adjustments are not expected to be material.

Business combination

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by our management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities recorded in the consolidated statements of financial position, which cannot be derived from active markets, is determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Judgment includes, but is not limited to, consideration of model inputs such as volatility, estimated life and discount rates.

Fair value of stock options and warrants

We use the customary Black-Scholes option-pricing model to calculate the fair value of stock options and warrants. Use of this method requires management to make assumptions and estimates about the expected life of options and warrants, anticipated forfeitures, the risk-free rate, and the volatility of our share price. In making these assumptions and estimates, management relies on historical market data.

Estimated useful lives, depreciation of property, plant and equipment, and amortization of intangible assets

Depreciation of property, plant and equipment and amortization of intangible assets is dependent upon estimates of useful lives based on management's judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

Goodwill and intangible assets

Goodwill and indefinite life intangible asset impairment testing require us to make estimates in the impairment testing model. On an annual basis, we test whether goodwill and indefinite life intangible assets are impaired. Impairment is influenced by judgment in defining a cash-generating unit ("CGU") and determining the indicators of impairment, and estimates used to measure impairment losses. The recoverable amount is the greater of value in use and fair value less costs to sell. The recoverable value of goodwill, indefinite and definite long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding projected future cash flows and capital investment, growth rates and discount rates.

Deferred Tax Asset and Valuation Allowance

Accounting for deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that we will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit our ability to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a "smaller reporting company" as defined by Item 10(f)(1) of Regulation S-K, the Company is not required to provide this information.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As previously disclosed, in connection with the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "Original 2021 Annual Report") on April 1, 2022, our management, with the participation of our then Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021. Based on their evaluation, our then Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2021, our disclosure controls and procedures were not effective due to material weaknesses in our internal control over financial reporting with respect to our financial statement close and reporting process.

In connection with the filing of Amendment No. 1 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 2021 (the "Amended 2021 Annual Report"), our management, with the participation of our Chief Executive Officer, reevaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021 and determined they were not effective due to the material weaknesses in our internal control over financial reporting with respect to our financial statement close and reporting process. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosures.

Based on an evaluation of the effectiveness of our disclosure controls and procedures as of June 30, 2026, the end of the period covered by this Report, and in light of the material weaknesses described below, including the matter described under "Restatement-Related Matter" below and in Note 3 to the condensed consolidated financial statements included in this Report, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2026.

Material Weakness in Internal Control Over Financial Reporting

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, management identified material weaknesses in the Company's internal control over financial reporting. During the three months ended June 30, 2026, management continued implementing the remediation activities described in the Annual Report and continued evaluating additional measures designed to address the identified material weaknesses and improve the Company's internal control over financial reporting.

The previously identified material weaknesses included (i) an insufficient number of personnel with appropriate technical accounting expertise to account for complex or non-routine transactions, (ii) deficiencies in the design and operating effectiveness of policies and procedures related to the review, supervision, and monitoring of the Company's accounting and financial reporting functions, (iii) challenges in the timely completion of the financial close process, and (iv) incomplete segregation of duties across certain transaction cycles and processes.

These material weaknesses originated during prior periods and reflect a legacy control environment that did not adequately support the Company's operational complexity and public company reporting requirements.

During the period ended December 31, 2025, the Company implemented remediation steps designed to address the identified material weaknesses and improve its internal control over financial reporting and related financial reporting processes. Remediation activities included expanding the finance and accounting organization through targeted hiring and the engagement of external technical accounting resources, formalizing accounting policies and financial reporting procedures, enhancing review and supervisory controls, improving the financial close process, strengthening segregation of duties where practical, and implementing compensating controls where segregation of duties was not yet achievable.

During the three months ended June 30, 2026, the Company continued implementation of remediation steps. The Company also expanded the accounting and finance resources available to support its financial reporting processes, including personnel added in connection with the acquisition of Veloce. In addition, the Company continued increasing oversight of financial reporting through the Audit Committee and Board of Directors and extending, where appropriate, its financial reporting policies and internal control framework to newly acquired operations.

The remediation activities described above are ongoing. The previously identified material weaknesses will not be considered remediated until the applicable controls have been fully implemented, have operated for a sufficient period of time, and management has concluded, through testing, that the controls are designed appropriately and operating effectively. Accordingly, management has not concluded that the identified material weaknesses have been remediated.

In addition, as described in Note 3 to the condensed consolidated financial statements included in this Report, the Company's completed internal inquiry identified the Legacy Transactions, which originated in 2020 and 2021 and predate the Company's October 2021 business combination and its current management team. Management believes the circumstances related to the Legacy Transactions reflect a continuation of the material weaknesses described above or evidence of additional material weakness specific to the pre-business-combination period, for example, relating to the design or operation of controls over the identification, evaluation, and approval of related-party and other complex or non-routine transactions, or over the reliability of representations made by then-management to the Company's then-independent registered public accounting firm. The Company has not, as of the date of this Report, reached a conclusion on that evaluation beyond the material weaknesses previously disclosed, and will take appropriate remediation steps or disclose the results of that evaluation, including any additional material weakness identified, if necessary, once it is complete.

Management has also identified a concentration of authority resulting from the Company's Chief Financial Officer simultaneously serving as Interim Chief Executive Officer. This dual role could potentially impair the effective segregation of duties and oversight functions that are fundamental to an effective control environment, particularly with respect to the review and approval of significant transactions, financial reporting, and significant management judgments. During this dual role, the Company has implemented compensating controls, including enhanced involvement of the Chairman, the Audit Committee, and other members of the Board of Directors and management in significant decisions and financial reporting oversight. The Board of Directors has initiated a search for a permanent Chief Executive Officer.

Except as described above, there were no changes in the Company's internal control over financial reporting during the three months ended June 30, 2026 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The previously identified material weaknesses described above have not yet been remediated, and management will continue implementing remediation activities until the identified control deficiencies have been addressed and the effectiveness of the related controls has been demonstrated through testing.

We cannot assure you that the remediation steps described above will be sufficient to remediate the identified material weaknesses or prevent the identification of additional material weaknesses in the future. If these material weaknesses are not remediated in a timely manner, there remains a reasonable possibility that a material misstatement of the Company's annual or interim financial statements would not be prevented or detected on a timely basis.

Management remains committed to continuing the remediation activities described above and to improving the Company's internal control over financial reporting in support of reliable financial reporting and compliance with its public company reporting obligations.

For additional information, *see Item 1A. Risk Factors* under the caption "If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the trading price of our common stock and warrants may be materially and adversely affected," and under the risk factor addressing the restatement described in Note 3.

Changes in Internal Control Over Financial Reporting

Other than in connection with the ongoing remediation measures described above, there were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except that, in connection with the Company's acquisition of a controlling interest in Veloce on February 17, 2026, as described in Note 4., the Company is in the process of integrating Veloce's internal control over financial reporting into its own control environment. Consistent with the guidance of the Securities and Exchange Commission, management's evaluation of the Company's internal control over financial reporting for the applicable period following the acquisition may exclude Veloce, and management will complete its assessment of Veloce's internal control over financial reporting before the filing of Form 10-K for the period ended December 31, 2026.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. In addition, the Company is a party to several material legal proceedings, which are described below. The outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts in excess of management's expectations, the Company's financial condition and operating results for that reporting period could be materially adversely affected.

J. Streicher

On July 29, 2022, the Company filed its original *Verified Complaint for Breach of Contract and Specific Performance* (the "Streicher Complaint") against J. Streicher Financial, LLC ("Streicher") in the Court of Chancery of the State of Delaware (the "Chancery Court"), styled *AutoLotto, Inc. dba Lottery.com v. J. Streicher Financial, LLC (Case No. 2022-0661-MTZ)*. In the Streicher Complaint, the Company alleged that Streicher breached the contract entered into by the parties on March 9, 2022, and demanded that Streicher return $16,500,000 it owes to the Company. On September 26, 2022, the Chancery Court entered an order in favor of the Company, *Granting with Modifications Company's Motion for Partial Summary Judgment* in the amount of $16,500,000 (the "Streicher Judgment"). On October 27, 2022, the Chancery Court further awarded the Company $397,037 in attorney's fees (the "Fee Order"). On November 15, 2022, the Company initiated efforts against Streicher to seek collections on the Judgment. On December 8, 2022, the Company's prior attorney Skadden, Arps, Slate, Meagher & Flom, LLP ("Skadden") filed its *Combined Motion to Withdraw as Counsel and For a Charging Lien* in amount of $3,024,201 for legal fees unpaid by Company ("Skadden's Motion"). On December 30, 2022, the Company filed its response to Skadden's Motion, alleging that the Chancery Court should deny Skadden's *Motion for a Charging Lien* as a matter of law or, in the alternative, limit the charging lien to the amount of the attorneys' fees awarded by the Fee Order. As of the date of this Report, the Chancery Court has not set Skadden's Motion for an oral hearing, nor has it entered an order on the motion. On January 20, 2023, faced with post-judgment discovery and depositions, Streicher remitted a partial payment towards the Judgment in the amount of $75,000. On February 13, 2023, Streicher made another payment towards the Judgment in the amount of $50,000 and had agreed to make another payment in the amount of $75,000 on February 28, 2023, which it failed to make. The Company intends to fully collect on the Judgment and shall pursue all legal and equitable means to enforce the Judgment against Streicher until the Judgment is fully satisfied.

Preston Million Class Action

On August 19, 2022, Preston Million filed a *Class Action Complaint* (the "Class Action Complaint") against the Company and certain former officers and directors of the Company in the United States District Court for Southern District of New York (the "SDNY"), styled *Preston Million, Individually and on Behalf of All Others Similarly Situated vs. Lottery.com, Inc. f/k/a Trident Acquisitions Corp., Anthony DiMatteo, Matthew Clemenson and Ryan Dickinson (Case No. 1:22-cv-07111-JLR)*. The Class Action Complaint alleged violations by all defendants of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") 15 U.S.C. §§ 78j(b), 78t(a), as amended by the Private Securities Litigation Reform Act of 1995 ("PSLRA"), U.S.C. § 78u-4 *et seq*. (collectively "Federal Securities Laws"). On November 18, 2022, the SDNY ordered the appointment of RTD Bros, LLC, Todd Benn, Tom Benn and Tomasz Rzedian (collectively "Lottery Investor Group") as lead plaintiff and Glancy Prongay & Murray, LLP as lead counsel for plaintiffs and for the class in the case. On December 5, 2022, the Court stipulated a *Scheduling Order* in the case. On January 12, 2023, the Company's legal counsel timely filed its *Notice of Appearance*. On January 31, 2023, plaintiffs filed their *Amended Complaint* adding Kathryn Lever, Marat Rosenberg, Vadim Komissarov, Thomas Gallagher, Gennadii Butkevych, Ilya Ponomarev as additional defendants in the case. The *Amended Complaint* alleges, among other things, that defendants made materially false and misleading statements in violation of Section 10(b), 14(a) and 20(a) of the Exchange Act and plaintiffs seek compensatory damages, reasonable costs and expenses including counsel fees and expert fees. Pursuant to the *Scheduling Order*, the Company filed its motion to dismiss the Amended Complaint on April 3, 2023, under the newly consolidated caption and its proposed order to dismiss the matter. Plaintiffs were expected to file their opposition to the motion to dismiss no later than May 18, 2023, which would trigger the Company's deadline to file its reply brief in support of their motion to dismiss no later than June 20, 2023. On February 6, 2024, the SDNY granted the Company's Motion to Dismiss. On June 12, 2024, plaintiffs amended their complaint (the "Third Amended Complaint"). On July 12, 2024, the Company filed its motion to dismiss the Third Amended Complaint (the "MTD Third Amended Complaint"). On August 8, 2024, the plaintiffs filed their response in opposition to the MTD Third Amended Complaint. The Company filed its reply on August 22, 2024, to plaintiffs' response in opposition to the MTD Third Amended Complaint. On February 25, 2025, the Court granted in part and denied in part the MTD Third Amended Complaint (the "Order"). As set forth in the Order, the Class Plaintiffs' Section 10(b) claim shall proceed against Defendant Dickinson and the Company based on post−merger representations regarding Lottery's financial performance and financial reporting. Class Plaintiffs' and Hoffman's Section 20(a) claim premised on Section 10(b) shall likewise proceed against Defendant Dickinson. Class Plaintiffs' Section 14(a) claim shall proceed against the Company and Defendants DiMatteo, Clemenson and Dickinson with respect to certain legal and regulatory compliance statements in the Proxy. The remainder of Plaintiffs' claims were dismissed, including all claims against Komissarov. The Court also ordered that Plaintiffs shall have leave to amend within twenty−one (21) days of this opinion and order. On March 13, 2025, the Court granted Plaintiff Hoffman's motion for leave for additional time to amend his complaint. Accordingly, Hoffman's Third Amended Complaint shall be due April 24, 2025. Defendants' motions to dismiss shall be due June 30, 2025; Plaintiff Hoffman's opposition brief will be due August 14, 2025; and Defendants' reply briefs shall be due September 17, 2025. On or about September 5, 2025, the Government filed a motion to intervene and requested the court to stay the action in its entirety. On or about September 5, 2025, the Court granted the Government's motion to intervene and its motion to stay the case. On July 15, 2026, the Government filed a motion to lift the stay previously granted by the Court. The request to lift the stay was granted by the Count on July 16, 2026 and the parties were ordered to meet and confer and, by July 21, 2026, propose a briefing schedule for Defendants' response to Plaintiffs' Fifth Amended Complaint. On July 22, 2026, the proposed schedule was adopted, wherein Lead Plaintiffs shall file their Sixth Amended Complaint by August 4, 2026. Plaintiff Hoffman shall file his Fifth Amended Complaint by August 11, 2026. Defendants shall respond to the amended complaints by October 9, 2026. Plaintiffs shall file opposition to any motions to dismiss by December 7, 2026. Defendants shall file replies by January 6, 2027. In accordance with the schedule adopted by the Court, on August 5, 2026, Lead Plaintiffs amended their complaint (the "Sixth Amended Complaint") and Plaintiff Hoffman amended his complaint the next day ("Hoffman's Fifth Amended Complaint").

TinBu Complaint

On March 13, 2023, John Brier, Bin Tu and JBBT, LLC (collectively, the "TinBu Plaintiffs") filed its original complaint against Lottery.com, Inc. f/k/a AutoLotto, Inc. and its wholly owned subsidiary TinBu, LLC ("TinBu") in the Circuit Court of the 13th Judicial District in and for Hillsborough County, Florida (the "TinBu Complaint"). The Complaint alleges breach of contract(s) and misrepresentation with alleged damages in excess of $4.6 million. The parties agreed to extend the Company's and its subsidiary's deadline to respond until May 1, 2023. On May 2, 2023, the Company and its subsidiary retained local counsel who filed a Notice of Appearance on behalf of the Company and TinBu and filed a Motion for Enlargement requesting the Court to extend its deadline to file its initial response to the Complaint by an additional 30 days (the "Motion for Enlargement"). As of the date of this Report, the Motion for Enlargement has not been set for a hearing. On May 5, 2023, Plaintiffs filed their Motion for Court Default ("Plaintiffs' Motion for Default"), despite the Company's Motion for Enlargement. As of the date of this Report, the Motion for Enlargement has not been set for a hearing. The Company intends to oppose Plaintiffs' Motion for Default. On May 9, 2023, Plaintiffs served Plaintiffs' First Request for Admissions (the "RFA") to the Company. On October 13, 2023, the Court granted the Defendants' Motion to Stay Litigation and Discovery pending a ruling on its Motion to Compel Arbitration. On November 16, 2023, the Court granted Defendants' Motion to Compel Arbitration in Texas. The parties await a signed written order from the Court to that effect. The TinBu Plaintiffs appealed to the Court's Order to Compel Arbitration in Texas, however, the order to Compel Arbitration in Texas still stands.

On July 19, 2024, the Company received notice that the TinBu Plaintiff's requested a voluntary dismissal of their claims. The TinBu Complaint has been voluntarily dismissed without prejudice by the District Court of Appeal of the State of Florida Second District and the Circuit Court of the Thirteenth Judicial Circuit in and for Hillsborough County, Florida, indicating that no further action will be pursued by the plaintiffs in Florida State Court at this time. The District Court of Appeals also denied the TinBu Plaintiff's motion for attorney's fees and costs.

In accordance with the Court's Order to Compel Arbitration in Texas, Plaintiff filed its Demand for Arbitration on February 23, 2026 (Case 01-26-0000-9122) and the matter currently sits for arbitration with the American Arbitration Association (AAA) in Dallas, Texas. On May 28, 2026, the AAA confirmed the appointment of the 3 arbitrators (the "Arbitrators" or the "Panel") and a chair of the Panel (the "Chair") was designated. A preliminary hearing was held on June 25, 2026, before Arbitrators and the Chair ordered a Final Hearing in this matter to commence before the Arbitrators in Dallas, Texas on February 16, 2027.

Global Gaming Data

On November 14, 2023, the Company and its wholly owned subsidiary TinBu, LLC ("TinBu") (collectively, "Plaintiffs") filed a separate lawsuit in the United States District Court for the Middle District of Florida ("MDF") against John J. Brier, Jr. ("Brier"), Bin Tu ("Tu"), and Global Gaming Data, LLC ("GGD") (collectively, "Defendants"), which was subsequently amended on November 21, 2023, for damages and injunctive relief arising out of Defendants' various violations of the Federal Defend Trade Secrets Act ("DTSA"), the Florida Uniform Trade Secrets Act ("FUTSA") and the Florida Deceptive and Unfair Trade Practices Act ("FDUTPA"), and for breaches of contract and breaches of various fiduciary duties, including the duty of loyalty, in a case styled Lottery.com, Inc. f/k/a AutoLotto, Inc. and TinBu, LLC v. John J. Brier, Jr., Bin Tu, & Global Gaming Data, LLC (Case No.: 8:23-cv-2594-KKM-TGW).

In response, Defendants asserted counterclaims against Plaintiffs, essentially filing exactly the same claims they previously alleged in the Hillsborough County Circuit Court Action that had been compelled to arbitration, and they also joined JBBT to the lawsuit. The Company sought dismissal of the counterclaims, as well as a Temporary Restraining Order. The request for temporary injunctive relief was denied by the MDF in February 2024, and on June 11, 2024, the MDF also denied Plaintiffs' motion to dismiss, allowing the litigation to move forward. On June 25, 2024, Plaintiffs filed their answer and affirmative defenses to Defendants' counterclaims. On December 5, 2024, the parties participated in a court-ordered mediation; however, no resolution was reached.

On February 25, 2025, Plaintiffs' claims were dismissed without prejudice for failure to prosecute, and Defendants immediately moved for default judgment on their counterclaims. On March 14, 2025, the Court entered an order denying without prejudice Defendants' Motion for various deficiencies in the filing. On March 18, 2025, Defendants filed an Amended Motion for Default Judgment on their Counterclaims, followed by additional support for their purported damages on April 25, 2025. The Company engaged new counsel, who made an appearance on June 5, 2025, and thereafter sought and obtained additional time to respond to Defendants' filings. On August 6, 2025, Plaintiffs filed a Motion to Dismiss for Lack of Subject Matter Jurisdiction, or in the Alternative, Motion to Set Aside Default and Compel Arbitration, which was renewed on August 14, 2025. At the same time, Plaintiffs also submitted opposition briefing and supporting evidence to contradict Defendants' filings relating to damages evidence. Defendants' reply to Plaintiffs filings is due to be filed on August 29, 2025. In the interim, the MDF has stayed all deadlines in the case management order and has cancelled any pretrial proceedings, pending resolution on the parties' motions.

On January 28, 2026, the Court entered an order dismissing Defendants counterclaims and adopted the "thorough and well-reasoned" report and recommendation by the Magistrate (the "Order"). Pursuant to the Order, the Report and Recommendation was adopted and made a part of the Order for all purposes, Plaintiffs' Renewed Motion to Dismiss for Lack of Subject Matter Jurisdiction was granted in part, and the case was dismissed without prejudice for lack of subject matter jurisdiction. The Court Clerk was directed by the Court to terminate any pending deadlines and close the file.

Woodford Eurasia Assets, Limited

Woodford Eurasia Assets Limited ("Woodford") filed a complaint in the High Court of Justice in London Chancery Division. On October 16, 2023, The High Court of Justice in London Chancery Division ("the Court") dismissed an application for injunctive relief initiated by Woodford against the Company. (Case: FL-2023-000023. Woodford Eurasia Assets Limited v Lottery.com Inc.) The Court characterized Woodford's application as "fundamentally misconceived" and ordered Woodford to pay the Company's legal costs. Woodford subsequently, on the Judges' recommendation, withdrew the proceedings.

Woodford filed an additional action in the United States District Court for the District of Delaware on November 16, 2023, in Case No. 23-1317-GBW seeking a temporary restraining order, preliminary injunction and expedited discovery against Lottery.com and its directors. The Court entered an order the next day denying the relief sought by Woodford. On February 14, 2024, Woodford filed a Notice of Voluntary Dismissal Without Prejudice, which stated that Woodford provides notice of dismissal of all claims without prejudice against Defendants Lottery.com and its directors.

With the dismissal of this lawsuit by Woodford, no further action is required by Lottery.com or its directors at this time. The Company is determining its next course of action in resolving any further matters regarding Woodford.

The validity and application of the Woodford Loan Agreement Amendment is disputed by the Company.

Despite multiple written requests from the Company, Woodford has repeatedly amongst other things: failed to prove the amounts borrowed by the Company or claimed to have been advanced by Woodford to the Company; failed to indicate if it would accept accelerated payment of those verified amounts; failed to provide an anti-money laundering acceptable account to which payment could be made by the Company and failed to explain failure to respond to requests for other funding to be accepted in the context of the Woodford Loan Agreement; failed to respond to requests for funding under the accordion facility of the Woodford Loan Agreement; and failed to respond to allegations of money laundering and conspiracy to defraud the Company and others.

On March 9, 2026, Woodford filed a Letter of Claim and Request for Arbitration against the Company with the London Court of International Arbitration ("LCIA") (LCIA Arbitration No. 266904). The Company filed its response to the Letter of Claim on May 3, 2026. The Company is actively contesting the entirety of Woodford's claims and pursuing a counterclaim that materially exceeds Woodford's claims.

McTurk

On June 10, 2024, the Company and Matthew McGahan ("McGahan") (Company and McGahan collectively, "Defendants") filed their *Notice of Removal* and *No Answer Motion to Dismiss* a state court complaint filed by Sharon A. McTurk ("McTurk"), Rutherford Enterprises, LLC ("Rutherford"), SJB Solutions, LLC ("SJB") and Astra Supply Chain, LLC ("Astra"), McTurk, Rutherford, SJB and Astra (collectively, "Plaintiffs" or "Appellant")) alleging fraudulent and negligent misrepresentation, aiding and abetting, and conspiracy by Defendants. On July 2, 2024, McGahan filed his *Motion to Dismiss for Lack of Personal Jurisdiction* and Defendants filed their *Motion to Dismiss for Failure to State a Claim and Supporting Memorandum of Law* ("Motions to Dismiss"). On July 19, 2024, Plaintiffs filed their response to the Motions to Dismiss. Defendants filed their reply on August 29, 2024 to Plaintiffs' response to Defendants' Motions to Dismiss. On February 25, 2025, the Court entered an Order granting Defendants' Motion to Dismiss for Failure to State a Claim (the "Order"). Accordingly, Plaintiffs' complaint was dismissed with prejudice. All pending deadlines and hearings were terminated, and any other pending motions were denied as moot. Plaintiffs filed a notice of appeal as to the Order and subsequently filed Appellants' Brief. On June 16, 2025, Appellee's filed their Answer Brief in the United States Court of Appeals for the 11th Circuit ("Court of Appeals") and filed and served the Supplemental Appendix to Appellees' Answer Brief. On February 27, 2026, the Court of Appeals directed the Clerk's Office to place this appeal on the next oral argument calendar with a vacancy. Accordingly, the oral argument before the Court of Appeals was set for July 27, 2026, which the Court later elected not to hear oral arguments and instead make a decision based on the parties' submissions. On August 6, 2026, a three-judge panel for the Eleventh Circuit Court of Appeals agreed entirely with the lower court's dismissal and ruled that the allegations made by Plaintiffs lacked factual and legal merit, officially upholding the dismissal with prejudice.

Honey Tree Trading

On September 4, 2024, Honey Tree Trading, LLC ("Honey Tree" or "Plaintiff") filed a verified original complaint (the "Complaint") against Lottery.com ("Lottery.com" or the "Company") and directors Matthew Howard McGahan ("McGahan"), Christopher Gooding ("Gooding"), Paul Jordan ("Jordan"), Tamer Hassan ("Hassan") and Warren Macal ("Macal" together with McGahan, Gooding, Jordan and Hassan, the "Individual Defendants" and, collectively Lottery.com, the "Defendants") in Delaware Chancery Court alleging, amongst other things, breach of contract by the Company with respect to certain notes and warrants and breach of fiduciary duties by the Individual Defendants. (CA. No. 2024-0921-NAC: styled Honey Tree Trading, LLC v. Lottery.com Inc., et al.). On October 10, 2024, Honey Tree amended its Complaint by filing an amended verified complaint (the "Amended Complaint") and a motion to expedite proceedings (the "Motion"). On November 6, 2024, at a hearing on Plaintiff's Motion (the "Hearing") and on the issue of breach of fiduciary duties against the Individual Defendants, Honey Tree's counsel informed the Court that, "[t]here is no question that Honey Tree is presently a shareholder and was a shareholder at the time it presented its pleading." On November 12, 2024, Plaintiff's counsel informed the Court that "Honey Tree did own shares prior to the filing of the Amended Complaint but sold them prior to that filing; and (ii) Honey Tree did not subsequently purchase shares of Lottery.com until November 7, 2024, the day after the [H]earing, ("Plaintiff's Admission")." Following Plaintiff's Admission on November 13, 2024, Plaintiff dismissed without prejudice its claims against Hassan and Macal (the "Dismissal"). The Court ordered the Dismissal on November 15, 2024. On December 13, 2024, Plaintiff filed amended its Amended Complaint by filing a second amended verified complaint (the "Second Amended Complaint") and a renewed motion to expedite proceedings (the "Second Motion to Expedite") against the Company and remaining Individual Defendants. In accordance with a briefing stipulation entered by the Court on December 11, 2024, defendants shall answer the Second Amended Complaint and file its opposition to the Second Motion to Expedite by January 13, 2025. On January 13, 2025, the Company and Individual Defendants timely filed their Answer to the Second Amended Complaint, an Opposition to Motion to Expedite and a Partial Motion to Dismiss. On March 6, 2025, Plaintiff notified the Court that it withdraws its Motion to Expedite. On April 25, 2025, Plaintiff filed its Motion to Dismiss Count IV of the Second Amended Complaint as Moot. The motion was granted and Count IV of the Second Amended Complaint was dismissed by the Court. On April 14, 2026, the Court denied Plaintiff's Proposed Order Governing Case Schedule. A hearing on Plaintiff's motion for default judgment is set for December 16, 2026. Defendants intend to contest said motion.

Manna World Ministries

On September 8, 2023, Manna World Ministries and Summit Church (collectively, the "Plaintiffs") filed a civil lawsuit in the San Diego Superior Court, North County Division, under case number 37-2023-00039279-CU-CO-NC. The action was brought against Ryan Dickinson, Matthew Clemenson, Lawrence DiMatteo, Incircl, Inc., Paul King, LAD Holdings Group, LLC, MC Holdings Group, LLC, RD Holdings, LLC, and Jeff Sparrow (collectively, the "Defendants"). The Plaintiffs allege that the Defendants defaulted on a personal loan totaling $2,700,000, which was purportedly secured by their personal shares of stock in Lottery.com Inc. (the "Company"). On April 4, 2024, the Plaintiffs filed an amended complaint naming the Company as an additional defendant. The Company subsequently filed an answer and asserted affirmative defenses on December 6, 2024, denying all allegations of wrongdoing. The Company has stated its intent to vigorously contest the claims and to pursue all legal remedies available. The matter is currently set for trial on November 6, 2026.

Dawn Nettles

On February 14, 2025, Dawn Nettles, et. al ("Nettles" or "Plaintiff") filed a verified original class action (the "Complaint") against Lottery.com ("Lottery.com" or the "Company"), Rook TX LP, Gary N. Grief, IGT Solutions Corporation ("IGT") (collectively the "Defendants") in the District Court of Harris County, 333rd Judicial District (the "Court") alleging that the Defendants engaged in systematic fraud, misappropriated lottery funds, illegally sold tickets across state lines, and manipulated the outcome of lottery games, including, but not limited to the April 22, 2023 Lotto Texas drawing. On March 25, 2025, the judge issued a ruling that the claims against IGT be dismissed without prejudice. Nettles filed a notice on May 30, 2025, that she is "taking a Nonsuit Without Prejudice Against All Parties Effective Immediately." The Notice, under Texas Rule of Civil Procedure 162, terminated the case effective immediately.

Jerry R. Reed

On April 8, 2025, Jerry R. Reed ("Reed" or the "Plaintiff") commenced an action against ALTX Management, LLC; AutoLotto, Inc.; Matthew Clemensen; Colossus Bets Limited; Ryan Dickinson; Lawrence Anthony DiMatteo III; Lottery Now Inc.; Lottery.com, Inc. ("Lottery.com" or the "Company"); Bernard Marantelli; Qawi and Quddus, Inc.; Zeljeko Ranogajec; Rook GP, LLC; Rook TX LP; and White Swan Data Limited (collectively, the "Defendants"). The action was filed under Case No. 25-BC03A-0007, styled Jerry B. Reed v. Rook TX LP, Rook GP LLC, Colossus Bets Limited, Lottery.com, Inc., AutoLotto, Inc., Lottery Now, Inc., ALTX Management, LLC, Qawi and Quddus, Inc. d/b/a Luck Zone, Lawrence Anthony "Tony" DiMatteo III, Matthew Clemensen, Ryan Dickinson, Zeljeko Ranogajec a/k/a John Wilson, White Swan Data Limited, and Bernard Marantelli, in the Business Court of Texas, Third Division.

The matter was subsequently removed to the 353rd Judicial District Court of Travis County, Texas and assigned Case No. D-1-GN-25-002446. Plaintiff seeks to recover funds that he contends were wrongfully excluded from the Lotto Texas jackpot he purportedly won on May 17, 2023. The Company filed its Original Answer in this matter on August 25, 2026. Currently, discovery in the case is ongoing and the Company intends to vigorously contest the claims and to pursue all legal remedies available, including defenses and counterclaims.

RTD Bros

On August 15, 2025, RTD Bros, LLC ("RTD") filed a complaint in the Superior Court of Delaware against AutoLotto Inc and Lottery.com Inc. (collectively, the "Defendants"), styled *RTD Bros II LLC v. AutoLotto, Inc., d/b/a Lottery.com, and Lottery.com, Inc.*, C.A. No. N25C-08-179 EMD CCLD for claims arising from an August 2019 revenue share agreement. Through the pendency of the litigation, RTD has filed various motions and on October 23, 2026, Defendants filed a Rule 6(B) Motion to Enlarge Time for Cause to respond to the various motions filed by RTD. On October 23, the court granted Defendants' Rule 6(B) Motion.

B. Riley Securities

Plaintiff B. Riley Securities, Inc. brought this action alleging breach of contract against the Company and seeking specific performance related to a November 24, 2020 engagement letter. B. Riley contends that the Company is obligated to indemnify it for legal fees and expenses incurred in connection with a putative class action in the Delaware Court of Chancery (*In re Lottery.com, Inc. Stockholders Litigation, C.A. No. 2023-0395-MTZ*). The parties are currently engaged in settlement discussions.

SEC Complaint

On January 22, 2026, the U.S. Securities and Exchange Commission (the "SEC") filed a civil complaint in the United States District Court for the Southern District of New York naming certain former senior executive officers of the Company, the Company and the former CEO of the SPAC Trident Acquisitions Corp. as defendants (the "Complaint"). The Complaint asserts claims under various provisions of the federal securities laws and seeks injunctive relief, disgorgement, civil monetary penalties, and other equitable remedies. The Complaint relates to alleged conduct occurring primarily between 2020 and mid-2022, including periods prior to and shortly following the Company's merger with Trident Acquisitions Corp. The individuals identified in the Complaint, who previously served as executive officers, are no longer employed by the Company and have no ongoing association or involvement with the Company in any capacity. Since mid-2022, the Company has undergone substantial changes in management, governance, and internal controls. The Company's current management team was not involved in the conduct alleged in the Complaint. The Company has fully cooperated with the SEC's investigation and intends to continue full cooperation with the SEC in connection with this matter. While the Company maintains the Complaint lacks merit against the Company and will defend against the lawsuit if necessary, the Company has entered into non-binding discussions with the SEC regarding a potential settlement. There can be no assurance that a final agreement will be reached, but the matter appears to be very close to being resolved without any material liability to the Company. On June 16, 2026, the Court ordered a 30-day stay of the proceedings for the SEC and the Company to make meaningful progress towards settlement and report back to the Court. On August 17, 2026, the SEC asked the Court to lift the stay as to Lottery and to set a deadline convenient to the Court for Lottery to answer or otherwise respond to the SEC's complaint.

Alumni Capital LP

On June 18, 2026, Alumni Capital LP ("Alumni") sent the Company an Event of Default Redemption Notice threatening to commence legal proceedings against the Company relating to an unsecured convertible promissory note issued pursuant to a Securities Purchase Agreement dated March 16, 2026. Alumni alleges that the Company defaulted under certain provisions of the transaction documents and seeks, among other relief, redemption of the note, liquidated damages, interest, attorneys' fees, and other remedies provided under the applicable agreements. On July 14, Alumni filed its complaint against the Company and Robert J. Stubblefield in the Superior Court of the State of Delaware alleging breach of contract and fraud (C.A. No.: N26C-07-028 KMM). On October 1, 2026, Plaintiff renewed its motion for default against Defendants for not timely filing its answer to the complaint. The Plaintiff's renewed motion has been set for hearing on November 19, 2026.

White Diamond Research LLC

On June 26, 2026, the Company filed a lawsuit in the District Court of Tarrant County, Texas against Defendants White Diamond Research LLC and Adam Gefvert (Cause No.: 352-379280-26). The complaint asserts claims arising from statements and publications made by the defendants concerning the Company, including a claim for business disparagement. The Company alleges that the defendants published false and misleading statements regarding the Company's business and operations and seek monetary damages, injunctive and other equitable relief, attorneys' fees where recoverable, costs, and such other relief as the court deems appropriate. The Court dismissed the case for want of prosecution on August 27, 2026; however, the Company recently refiled its complaint (Cause No.: 096-384504-26) with the intent to prosecute this matter.

USA Today

On July 6, 2026, the Company filed a lawsuit in the District Court of Tarrant County, Texas against Defendant USA Today Co., Inc. (formerly Gannett Co., Inc. and Gatehouse Media, LLC), arising from an advertising agreement entered into in December 2016 (the "Advertising Agreement") (Cause No.: 048-379558-26). Under the Advertising Agreement, the Company acquired contractual rights to receive approximately $18.0 million of advertising inventory and related services from defendants. The Company alleges that, despite repeated requests beginning in 2024 to utilize the remaining advertising inventory available under the Advertising Agreement, defendant has refused to acknowledge approximately $16.4 million of advertising media credits or honor the Company's contractual rights.

Item 1A. Risk Factors.

As of the date of this Report on Form 10-Q, there have been no material changes to the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, except as set forth below. These risk factors should be read together with the risk factors contained in our Annual Report on Form 10-K. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business, financial condition, results of operations or cash flows.

The acquisition of Veloce Esports Limited has significantly increased our exposure to risks associated with digital media, advertising, sponsorship, and audience engagement.

As a result of the acquisition of Veloce in February 2026, the Company has significantly expanded its digital media operations, increasing its exposure to risks associated with content creation, audience engagement, advertising, sponsorships and related media activities.

Demand for digital advertising and sponsorships may fluctuate due to changes in economic conditions, marketing budgets, competitive pressures, audience behavior, and other factors outside of our control. If we are unable to maintain audience engagement, expand commercial relationships, successfully monetize our media assets, or adapt to changes in the digital media marketplace, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

Our digital media operations rely on third-party digital platforms, distribution channels, and commercial relationships that we do not control.

A significant portion of the Company's digital media business relies upon third-party platforms and services to distribute content, engage audiences, and generate advertising and sponsorship revenue. These third parties may modify or discontinue their algorithms, monetization policies, advertising programs, terms of service, technical requirements or other business practices at any time without notice. Because a substantial portion of Veloce's audience is reached through third-party digital platforms, adverse changes affecting those platforms could have an immediate impact on audience engagement, content distribution and advertising revenue

In addition, our commercial success depends in part on maintaining relationships with advertisers, sponsors, content creators, athletes, influencers, leagues, teams, and other commercial partners. The loss of significant distribution channels or commercial relationships, unfavorable changes in platform policies, reduced visibility of our content, or the inability to attract or retain key commercial relationships could materially adversely affect audience engagement, advertising revenue, sponsorship opportunities, and our operating results.

We may not realize the anticipated strategic and financial benefits of our acquisition of Veloce.

On February 17, 2026, we completed the acquisition of Veloce, which significantly expanded our operations in digital media, motorsports, gaming and sports entertainment. Our ability to achieve the anticipated benefits of the acquisition will depend on a number of factors, including Veloce's ability to continue to grow its audience, maintain and expand commercial relationships, generate advertising and sponsorship revenue, retain key management, employees and content creators, successfully execute its business strategy, and capitalize on opportunities available through its relationship with the Company.

Although we intend to leverage Veloce's capabilities and explore commercial opportunities across our portfolio of businesses, there can be no assurance that the acquisition will generate the strategic, operational or financial benefits we currently anticipate or that such benefits will be realized within the expected timeframe. Market conditions, increased competition, changing consumer preferences, reduced advertising demand, the loss of key commercial relationships or personnel, or other unforeseen circumstances could adversely affect Veloce's performance and the value of the acquisition.

If Veloce does not perform as expected or we are unable to realize the anticipated benefits of the acquisition, our business, financial condition, results of operations, cash flows and prospects could be materially adversely affected.

Our failure to timely file reports with the SEC and maintain compliance with Nasdaq continued listing requirements could adversely affect our business, our ability to access the capital markets, and the market price of our common stock.

The Company has not timely filed certain reports required under the Securities Exchange Act of 1934 and has received a notice from The Nasdaq Stock Market LLC indicating that it is not in compliance with Nasdaq Listing Rule 5250(c)(1), which requires listed companies to timely file all required periodic reports with the Securities and Exchange Commission. Although we have submitted, or intend to submit, a plan to regain compliance and intend to become current in our SEC reporting obligations within the applicable compliance period, there can be no assurance that Nasdaq will accept our plan or that we will regain compliance within the applicable time period.

Failure to regain or maintain compliance with Nasdaq's continued listing requirements could result in the delisting of our common stock from The Nasdaq Capital Market. Delisting, or the perception that delisting may occur, could materially reduce the liquidity and market price of our common stock, limit our access to the public capital markets, impair our ability to raise additional capital on acceptable terms or at all, trigger defaults or adverse consequences under existing or future financing arrangements, reduce analyst coverage and institutional investor interest, and negatively affect our reputation with investors, customers, commercial partners and employees. Any of these events could materially adversely affect our business, financial condition, results of operations and prospects.

Risks Related to the Restatement of Our Previously Issued Financial Statements

We have identified errors in our previously issued financial statements that require restatement, and the restatement process, the underlying facts, and any related regulatory or litigation exposure could have a material adverse effect on our business, financial condition, reputation, and the trading price of our securities.

As described in Note 3 to the condensed consolidated financial statements included in this Report, we have determined that the Affected Reports should no longer be relied upon and require restatement, and that our financial statements for the Correction Periods require correction of identified errors. The process of completing the restatement and correction, including the related audit and interim review procedures, has required, and will continue to require, significant time and attention from management and the Board, as well as additional professional fees, which has diverted, and will continue to divert, resources and attention away from our business operations. We cannot assure you when the restatement and filing of amended reports will be completed, and delays could adversely affect our ability to regain and maintain compliance with Nasdaq's continued listing requirements, our ability to access the capital markets, and investor confidence in our financial reporting.

The Legacy Transactions, and the criminal proceedings against certain of our former executives, may result in additional governmental investigations, enforcement actions, or private litigation, any of which could be costly and time-consuming and could adversely affect our reputation, business, and financial condition.

As described in Note 3, the Legacy Transactions were planned and executed by a former executive of Trident and certain former executives of Lottery, one of whom has been sentenced to prison and two of whom have pleaded guilty to charges arising out of, among other things, their involvement in the Legacy Transactions and currently await sentencing. These matters, together with our previously disclosed Prior Restatement and related litigation, could result in additional inquiries, investigations, subpoenas, or enforcement actions by the SEC, the DOJ, or other governmental or regulatory authorities, as well as private litigation, including securities class actions or derivative claims, none of which we can predict the outcome, timing, or cost of. Any such proceedings, regardless of outcome, could require significant management attention and expense and could adversely affect our reputation, business, financial condition, and the trading price of our securities.

Risks Related to Our Executive Leadership Transition

We do not currently have a permanent Chief Executive Officer, and our inability to identify, attract, and retain qualified executive leadership, or disruption resulting from a leadership transition, could adversely affect our business.

Our Chief Financial Officer is currently serving as our Interim Chief Executive Officer and Interim President in addition to his role as Chief Financial Officer. As described in Part I, Item 4, "Controls and Procedures," of this Report, this concentration of roles could potentially impact the effective segregation of duties and oversight functions that support an effective control environment, particularly with respect to the review and approval of significant transactions, financial reporting, and significant management judgments. As described above mitigating controls and processes have been put in place to address the potential impact on segregation of executive oversight functions.

Our Board of Directors has initiated a search for a permanent Chief Executive Officer. We cannot predict how long this search will take, whether it will result in the identification of a qualified candidate on acceptable terms, or when a permanent Chief Executive Officer will be appointed. Competition for experienced executive talent is intense, and we may face particular challenges attracting candidates in light of the matters described elsewhere in this Report, including the restatement described in Note 3 and our current Nasdaq listing status. Any delay in appointing a permanent Chief Executive Officer may result in the continuation of the concentration of roles described above.

Material Changes to Previously Disclosed Risk Factors

Liquidity and Capital Resources The Company completed financing transactions during March and May of 2026 through the issuance of unsecured convertible promissory notes. While these financings provided additional working capital and financial flexibility, the Company continues to depend on external financing to support its operating activities, strategic initiatives, acquisition-related obligations, and working capital requirements. As discussed elsewhere in this Report, delays in the Company's periodic reporting have affected the availability of certain financing alternatives. Although management is working to restore timely reporting and broaden the Company's financing alternatives, there can be no assurance that additional financing will be available when needed, on acceptable terms, or at all.

Internal Control Over Financial Reporting Management continues to implement the remediation activities described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. Although remediation efforts remain ongoing, the previously identified material weaknesses have not been fully remediated. The material weaknesses will not be considered fully remediated until the applicable controls have been completely implemented, have operated for a sufficient period of time, and management has concluded, through testing, that the controls are operating effectively. Additional information regarding these remediation activities is included in Item 4 of This Report.

Nasdaq Listing Compliance As previously disclosed, the Company has received notices from Nasdaq relating to its periodic reporting obligations. Although the Company is working to regain compliance with Nasdaq's continued listing requirements, there can be no assurance that it will be successful within the applicable compliance periods or that Nasdaq will grant any additional time to regain compliance. Failure to satisfy Nasdaq's continued listing requirements could result in the delisting of the Company's common stock, which could adversely affect the liquidity and market price of the Company's securities.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit Number	Description
10.23**	Loan Agreement (Deed), dated December 7, 2022, between Lottery.com and Woodford Eurasia Assets Ltd, as lender (incorporated by reference to Exhibit 10.24 of Form 10-K/A filed on May 10, 2023).
10.24**	Loan Agreement Deed, Debenture Deed and Securitization, dated December 7, 2022, between Lottery.com and Woodford Eurasia Assets Ltd, as security holder (incorporated by reference to Exhibit 10.25 of Form 10-K/A filed on May 10. 2023)
10.25**	Amendment and Restatement Agreement in respect of Loan Agreement (Deed) dated December 7, 2022, between Lottery.com and Woodford Eurasia Assets Ltd. (incorporated by reference to Exhibit 10.28 of Form 10-K filed on June 15, 2023)
10.26**	Amendment and Restatement Agreement in respect of Loan Agreement (Deed), dated as of June 12, 2023, between Lottery.com and Woodford Eurasia Assets Ltd. (incorporated by reference to Exhibit 10.28 of Form 10-K filed on June 15, 2023).
10.27 **	Loan Agreement, dated as of July 26, 2023, by and between Lottery.com Inc. and United Capital Investments London Limited (incorporated by reference to Exhibit 10.1 of Form 8-K filed on August 1, 2023).
10.28**	Amended and Restatement Loan Agreement and Deed, dated August 8, 2023, between Lottery.com and United Capital Investments London Limited as lender (incorporated by reference to Exhibit 10.3 of Form 10-Q filed on August 22, 2023)
10.29**	Amendment to Amended and Restated Loan Agreement, dated as of August 18, 2023, by and between Lottery.com Inc. and United Capital Investments London Limited. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on August 24, 2023)
10.31**	Share Purchase and Sale Agreement between Lottery.com and DotCom Ventures Inc. dated July 22, 2025 (incorporated by reference to Exhibit 10.31 of Form 10-Q filed on October 8, 2026)
10.40**	Stock Purchase Agreement Between Lottery.com Inc. and Generating Alpha Ltd. dated November 16, 2024. (incorporated by reference to Exhibit 10.27 of Form 10-Q filed on November 20, 2025)
10.41**	Amended - Stock Purchase Agreement Between Lottery.com Inc. and Generating Alpha Ltd. dated as of June 16, 2025. (incorporated by reference to Exhibit 10.35 of Form 10-Q filed on November 20, 2025)
10.42**	Short-term Convertible Note Agreement Between Lottery.com Inc. and Generating Alpha Ltd. dated September 22, 2025. (incorporated by reference to Exhibit 10.40 of Form 10-Q filed on November 20, 2025)
10.43**	Common Stock Purchase Warrant Agreement Between Lottery.com Inc. and Generating Alpha Ltd. dated September 22, 2025. (incorporated by reference to Exhibit 10.41 of Form 10-Q filed on November 20, 2025)
10.44**	Registration Rights Agreement Between Lottery.com Inc. and Generating Alpha Ltd. dated September 22, 2025. (incorporated by reference to Exhibit 10.42 of Form 10-Q filed on November 20, 2025)
10.45**	Securities Purchase Agreement Between Lottery.com Inc. and Generating Alpha Ltd. dated September 22, 2025 (incorporated by reference to Exhibit 10.43 of Form 10-Q filed on November 20, 2025)
10.46**	Asset Purchase Agreement Between Lottery.com Inc. and Galaxy Racer Holdings Limited dated July 30, 2025 (incorporated by reference to Exhibit 10.6 of Form 10-Q filed on August 19, 2025)
10.50**	Nook Holdings Share Purchase Agreement (incorporated by reference to Exhibit 10.50 of Form 10-K/A filed on June 4, 2024)
10.51**	Amendment 1 to Nook Holdings Share Purchase Agreement (incorporated by reference to Exhibit 10.51 of Form 10-K/A filed on June 4, 2024)
10.52**	Amendment 2 to Nook Holdings Share Purchase Agreement (incorporated by reference to Exhibit 10.52 of Form 10-K/A filed on July 31, 2026)

10.60**	Securities Purchase Agreement Between Lottery.com Inc. and Evergreen Capital Management, LLC (incorporated by reference to Exhibit 10.60 of Form 8-K filed on December 4, 2025)
10.61**	Senior Secured Promissory Note Between Lottery.com Inc. and Evergreen Capital Management, LLC (incorporated by reference to Exhibit 10.61 of Form 8-K filed on December 4, 2025)
10.71**	Share Purchase Agreement by and between Sports Entertainment Gaming Global Corporation and Darryl Eales for the Purchase of Veloce Esports Limited dated February 18, 2026 (incorporated by reference to Exhibit 10.71 on Form 8-K/A filed on May 5, 2026)
10.72**	Share Purchase Agreement by and between Sports Entertainment Gaming Global Corporation and Andrew Webb for the Purchase of Veloce Esports Limited dated February 18, 2026 (incorporated by reference to Exhibit 10.72 on Form 8-K/A filed on May 5, 2026)
10.73**	Share Purchase Agreement by and between Sports Entertainment Gaming Global Corporation and James Maclaurin for the Purchase of Veloce Esports Limited dated February 18, 2026 (incorporated by reference to Exhibit 10.73 on Form 8-K/A filed on May 5, 2026)
10.74**	Share Purchase Agreement by and between Sports Entertainment Gaming Global Corporation and Jack Clarke for the Purchase of Veloce Esports Limited dated February 18, 2026 (incorporated by reference to Exhibit 10.74 on Form 8-K/A filed on May 5, 2026)
10.75**	Share Purchase Agreement by and between Sports Entertainment Gaming Global Corporation and MPA Creative Limited for the Purchase of Veloce Esports Limited dated February 18, 2026 (incorporated by reference to Exhibit 10.75 on Form 8-K/A filed on May 5, 2026)
10.76**	Share Purchase Agreement by and between Sports Entertainment Gaming Global Corporation and Crimson Swordblade Limited for the Purchase of Veloce Esports Limited dated February 18, 2026 (incorporated by reference to Exhibit 10.76 on Form 8-K/A filed on May 5, 2026)
10.80**	Placement Agency Agreement dated January 16, 2026, between Lottery.Com Inc. and Dawson James Securities Inc. (incorporated by reference to Exhibit 1.1 of Form 8-K filed on January 20, 2026).
10.81**	Securities Purchase Agreement dated January 16, 2026, between Lottery.Com Inc. and Dawson James Securities Inc. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on January 20, 2026).
10.82**	Common Stock Equity Distribution Agreement, dated February 18, 2026, by and between Sports Entertainment Gaming Global Corporation and Dawson James Securities, Inc. (incorporated by reference to Exhibit 1.1 of Form 8-K filed on February 19, 2026).
10.83**	Placement Agency Agreement, dated March 16, 2026, by and between Sports Entertainment Gaming Global Corporation and Dawson James Securities, Inc. (incorporated by reference to Exhibit 1.1 of Form 8-K filed on March 18, 2026).
10.84**	Securities Purchase Agreement, dated March 16, 2026, by and between Sports Entertainment Gaming Global Corporation and the Purchasers. (incorporated by reference to Exhibit 10.1 of Form 8-K filed on March 18, 2026).
10.85**	Form of Convertible Promissory Note (incorporated by reference to Exhibit 10.2 of Form 8-K filed on March 18, 2026).
10.86**	Registration Rights Agreement, dated March 16, 2026, by and between Sports Entertainment Gaming Global Corporation and the Purchasers (incorporated by reference to Exhibit 10.3 of Form 8-K filed on March 18, 2026).
10.87*	Convertible Promissory Note, dated May 26, 2026, by and between Sports Entertainment Gaming Global Corporation and Amorua Global, Inc.
10.88*	Senior Unsecured Convertible Note, dated October 29, 2025, by and between Sports Entertainment Gaming Global Corporation and Disrupt Investments Limited
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32.1*	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
32.2*	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Inline XBRL for the cover page of this Report on Form 10-Q included in the Exhibit 101 Inline XBRL Document Set

* Filed herewith.

** Incorporated by reference.

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.

Sports Entertainment Gaming Global Corporation

By: */s/ Robert J. Stubblefield*
Name: Robert J. Stubblefield
Title: Chief Financial Officer and Interim President and Chief Executive Officer
(Principal Executive Officer and Principal Accounting/Financial Officer)

Dated: November 2, 2026

Exhibit 10.87

Execution Version

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS NOTE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES. ANY TRANSFEREE OF THIS NOTE SHOULD CAREFULLY REVIEW THE TERMS OF THIS NOTE, INCLUDING SECTIONS 3(c)(iii) AND 20(a) HEREOF. THE PRINCIPAL AMOUNT REPRESENTED BY THIS NOTE AND, ACCORDINGLY, THE SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE LESS THAN THE AMOUNTS SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 3(c)(iii) OF THIS NOTE.

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") OF 15%. PURSUANT TO TREASURY REGULATION §1.1275-3(b)(1). ROBERT J. STUBBLEFIELD, A REPRESENTATIVE OF THE COMPANY, WILL, BEGINNING TEN DAYS AFTER THE ISSUANCE DATE OF THIS NOTE, PROMPTLY MAKE AVAILABLE TO THE HOLDER UPON REQUEST THE INFORMATION DESCRIBED IN TREASURY REGULATION §1.1275-3(b)(1)(i). ROBERT J. STUBBLEFIELD MAY BE REACHED AT THE TELEPHONE NUMBER HERETOFORE PROVIDED TO THE HOLDER.

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION

UNSECURED CONVERTIBLE PROMISSORY NOTE

Issuance Date: May 26, 2026 Original Principal Amount: U.S. $4,117,647.06

FOR VALUE RECEIVED, Sports Entertainment Gaming Global Corporation, a Delaware corporation (the "Company"), hereby promises to pay to the order of Amorua Global, Inc., a Florida corporation or its registered assigns ("Holder") the amount set forth above as the Original Principal Amount (as reduced pursuant to the terms hereof pursuant to redemption, conversion or otherwise, the "Principal") when due, whether upon the Maturity Date, or upon acceleration, redemption or otherwise (in each case in accordance with the terms hereof) and to pay interest ("Interest") on any outstanding Principal at the rate of twelve percent (12%) per annum from the Issuance Date, and upon the occurrence and during the continuation of an Event of Default (as defined below), to pay interest at the applicable Default Rate (as defined below), until the same becomes due and payable, whether upon the Maturity Date or upon acceleration, conversion, redemption or otherwise (in each case in accordance with the terms hereof). This Unsecured Convertible Promissory Note (including all Unsecured Convertible Promissory Notes issued in exchange, transfer or replacement hereof, this "Note") is one of an issue of Unsecured Convertible Promissory Notes issued pursuant to the Securities Purchase Agreement dated as of May 26, 2026 (the "Subscription Date"), by and among the Company and the investors (the "Buyers") referred to therein, as amended from time to time (collectively, the "Notes", and such other Unsecured Convertible Promissory Notes, the "Other Notes"). Certain capitalized terms used herein are defined in Section 30.

1. PAYMENTS OF PRINCIPAL. On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Interest and accrued and unpaid Late Charges (as defined in Section 26(c)) on such Principal and Interest. Notwithstanding anything herein to the contrary, with respect to any conversion, redemption, or prepayment hereunder, as applicable, the Company shall convert or redeem, as applicable, first, all accrued and unpaid Late Charges on any outstanding Principal and Interest hereunder, and all other amounts owed to the Holder under any other Transaction Document, second, all accrued and unpaid Interest hereunder, and third, the outstanding Principal hereunder.

2. MANDATORY PAYMENT FROM PROCEEDS. Notwithstanding anything to the contrary, in consideration of Alumni Capital, LP ("Alumni") accommodations made with respect to this transaction, the Company shall pay to Alumni, from the proceeds of this transaction, a cash fee (the "Cash Fee") as follows: a) if this transaction Closes prior to the filing of the Annual Report, the Cash Fee shall be $500,000, to be applied as an offset against and reduction of the outstanding principal balance of Alumni's Note, or b) if this transaction Closes after the filing of the Annual Report, the Cash Fee shall be reduced to $250,000, to be applied as an offset against and reduction of the outstanding principal balance of Alumni's Note. .

3. OID; INTEREST; DEFAULT RATE. This Note has been issued with an original issue discount of fifteen percent (15%). Interest shall accrue hereunder on the outstanding Principal at a rate of twelve percent (12%) per annum from the Issuance Date. From and after the occurrence and during the continuance of any Event of Default, or if this Note is not repaid or converted by the Maturity Date, Interest shall accrue hereunder at a rate of eighteen percent (18%) per annum (the "Default Rate"). Interest shall be computed on the outstanding Principal of this Note on the basis of a 360-day year and twelve 30-day months, shall compound each calendar month, and shall be payable in arrears on the first Trading Day in the calendar month following the calendar month in which Interest accrues hereunder (each, an "Interest Date"), with the first Interest Date being May 27, 2026.

4. CONVERSION OF NOTES. At any time after the Issuance Date, this Note shall be convertible into validly issued, fully paid and non-assessable shares of Common Stock (as defined below), on the terms and conditions set forth in this Section 3.

(a) Conversion Right. Subject to the provisions of Section 3(d), at any time or times on or after the Issuance Date, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into validly issued, fully paid and non-assessable shares of Common Stock in accordance with Section 3(c), at the Conversion Rate (as defined below). The Company shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent (as defined below)) that may be payable with respect to the issuance and delivery of Common Stock upon conversion of any Conversion Amount.

(b) Conversion Rate. The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to Section 3(a) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the "Conversion Rate").

(i) "Conversion Amount" means the sum of (A) the portion of the Principal of this Note to be converted, redeemed or otherwise with respect to which this determination is being made, (B) accrued and unpaid Interest with respect to such Principal of this Note, (C) accrued and unpaid Late Charges with respect to such Principal of this Note and Interest, and (D) any other unpaid amounts pursuant to the Transaction Documents, if any.

(ii) "Conversion Price" means, as of any Conversion Date or other date of determination, subject to adjustment as provided herein, the lower of (i) the Closing Sale Price of the Common Stock on the Issuance Date specified above and (ii) 95% of the lowest daily VWAP of the Common Stock during the five (5) consecutive Trading Day period ending and including the Trading Day immediately preceding the Conversion Date.

(c) Mechanics of Conversion.

(i) Optional Conversion. To convert any Conversion Amount into shares of Common Stock on any date (a "Conversion Date"), the Holder shall deliver (whether via electronic mail or otherwise), for receipt on or prior to 11:59 p.m., New York time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit I (each, a "Conversion Notice") to the Company. If required by Section 3(c)(iii), within two (2) Trading Days following a conversion of this Note as aforesaid, the Holder shall surrender this Note to a nationally recognized overnight delivery service for delivery to the Company (or an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction as contemplated by Section 20(b)). On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice, the Company shall transmit by electronic mail an acknowledgment, in the form attached hereto as Exhibit II, of confirmation of receipt of such Conversion Notice and representation as to whether such shares of Common Stock may then be resold pursuant to Rule 144 or an effective and available registration statement (each, an "Acknowledgement") to the Holder and the Company's transfer agent (the "Transfer Agent") which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein. On or before the second (2nd) Trading Day following the date on which the Company has received a Conversion Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade initiated on the applicable Conversion Date of such shares of Common Stock issuable pursuant to such Conversion Notice) (the "Share Delivery Deadline"), the Company shall (1) provided that the Transfer Agent is participating in The Depository Trust Company's ("DTC") Fast Automated Securities Transfer Program ("FAST"), credit such aggregate number of shares of Common Stock to which the Holder shall be entitled pursuant to such conversion to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system or (2) if the Transfer Agent is not participating in FAST, upon the request of the Holder, issue and deliver (via reputable overnight courier) to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such conversion. If this Note is physically surrendered for conversion pursuant to Section 3(c)(iii) and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall as soon as practicable and in no event later than two (2) Business Days after receipt of this Note and at its own expense, issue and deliver to the Holder (or its designee) a new Note (in accordance with Section 20(d)) representing the outstanding Principal not converted. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date. Notwithstanding anything to the contrary contained in this Note or the Registration Rights Agreement, after the effective date of the Registration Statement (as defined in the Registration Rights Agreement) and prior to the Holder's receipt of the notice of a Grace Period (as defined in the Registration Rights Agreement), the Company shall cause the Transfer Agent to deliver shares of Common Stock to the Holder (or its designee) with no restrictive legend in connection with any sale of Registrable Securities (as defined in the Registration Rights Agreement) with respect to which the Holder has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, and for which the Holder has not yet settled. At any time, if the Company receives a Conversion Notice at a time the Conversion Price then in effect is less than the Floor Price then in Effect (unless such Floor Price is lowered with the written consent of the Company and the Holder), the Company shall issue a number of shares of Common Stock equal to the Conversion Amount divided by such Floor Price and pay the difference in cash equal to (i) (A) Floor Price minus (B) the Conversion Price that would have been in effect on such Conversion Date notwithstanding the Floor Price, multiplied by (ii) the number of Conversion Shares issuable on such Conversion Date.

(ii) Company's Failure to Timely Convert. If the Company shall fail, for any reason or for no reason, on or prior to the applicable Share Delivery Deadline, either (I) if the Transfer Agent is not participating in FAST, to issue and deliver to the Holder (or its designee) a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or, if the Transfer Agent is participating in FAST, to credit the balance account of the Holder or the Holder's designee with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion of this Note (as the case may be) or (II) if the Registration Statement covering the resale of the shares of Common Stock that are the subject of the Conversion Notice (the "Unavailable Conversion Shares") is not available for the resale of such Unavailable Conversion Shares and the Company fails to promptly, but in no event later than as required pursuant to the Registration Rights Agreement (x) so notify the Holder and (y) deliver the shares of Common Stock electronically without any restrictive legend by crediting such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such conversion to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Conversion Failure**"), then, in addition to all other remedies available to the Holder, (1) the Company shall pay in cash to the Holder on each day after such Share Delivery Deadline that the issuance of such shares of Common Stock is not timely effected an amount equal to 0.5% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Deadline and to which the Holder is entitled, multiplied by (B) the VWAP of the Common Stock on the applicable Conversion Date; provided, that in no event shall the aggregate amount payable pursuant to this clause (1) exceed fifteen percent (15%) of the applicable Conversion Amount and (2) the Holder, upon written notice to the Company, may void its Conversion Notice with respect to, and retain or have returned (as the case may be) any portion of this Note that has not been converted pursuant to such Conversion Notice, provided that the voiding of a Conversion Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 3(c)(ii) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Deadline either (A) if the Transfer Agent is not participating in FAST, the Company shall fail to issue and deliver to the Holder (or its designee) a certificate and register such shares of Common Stock on the Company's share register or, if the Transfer Agent is participating in FAST, the Transfer Agent shall fail to credit the balance account of the Holder or the Holder's designee with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion hereunder or pursuant to the Company's obligation pursuant to clause (II) below or (B) a Notice Failure occurs, and if on or after such Share Delivery Deadline the Holder acquires (in an open market transaction, stock loan or otherwise) shares of Common Stock corresponding to all or any portion of the number of shares of Common Stock issuable upon such conversion that the Holder is entitled to receive from the Company and has not received from the Company in connection with such Conversion Failure or Notice Failure, as applicable (a "Buy-In"), then, in addition to all other remedies available to the Holder, the Company shall, within five (5) Business Days after receipt of the Holder's request and in the Holder's discretion, either: (I) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, stock loan costs and other out-of-pocket expenses, if any) for the shares of Common Stock so acquired (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "Buy-In Price"), at which point the Company's obligation to so issue and deliver such certificate (and to issue such shares of Common Stock) or credit the balance account of such Holder or such Holder's designee, as applicable, with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (II) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such shares of Common Stock or credit the balance account of such Holder or such Holder's designee, as applicable, with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of shares of Common Stock multiplied by (y) the lowest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II) (the "Buy-In Payment Amount"). Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock (or to electronically deliver such shares of Common Stock) upon the conversion of this Note as required pursuant to the terms hereof.

(iii) Registration; Book-Entry. The Company shall maintain a register (the "Register") for the recordation of the names and addresses of the holders of each Note and the principal amount of the Notes held by such holders (the "Registered Notes"). The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Company and the holders of the Notes shall treat each Person whose name is recorded in the Register as the owner of a Note for all purposes (including, without limitation, the right to receive payments of Principal and Interest hereunder) notwithstanding notice to the contrary. A Registered Note may be assigned, transferred or sold in whole or in part only by registration of such assignment or sale on the Register. Upon its receipt of a written request to assign, transfer or sell all or part of any Registered Note by the holder thereof, the Company shall record the information contained therein in the Register and issue one or more new Registered Notes in the same aggregate principal amount as the principal amount of the surrendered Registered Note to the designated assignee or transferee pursuant to Section 20, provided that if the Company does not so record an assignment, transfer or sale (as the case may be) of all or part of any Registered Note within two (2) Business Days of such a request, then the Register shall be automatically deemed updated to reflect such assignment, transfer or sale (as the case may be). Notwithstanding anything to the contrary set forth in this Section 3, following conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted (in which event this Note shall be delivered to the Company following conversion thereof as contemplated by Section 3(c)(i)) or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principal, Interest and Late Charges converted and/or paid (as the case may be) and the dates of such conversions, and/or payments (as the case may be) or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion. If the Company does not update the Register to record such Principal, Interest and Late Charges converted and/or paid (as the case may be) and the dates of such conversions, and/or payments (as the case may be) within two (2) Business Days of such occurrence, then the Register shall be automatically deemed updated to reflect such occurrence.

(iv) Pro Rata Conversion; Disputes. In the event that the Company receives a Conversion Notice from more than one holder of Notes for the same Conversion Date and the Company can convert some, but not all, of such portions of the Notes submitted for conversion, the Company, subject to Section 3(d), shall convert from each holder of Notes electing to have Notes converted on such date a pro rata amount of such holder's portion of its Notes submitted for conversion based on the principal amount of Notes submitted for conversion on such date by such holder relative to the aggregate principal amount of all Notes submitted for conversion on such date. In the event of a dispute as to the number of shares of Common Stock issuable to the Holder in connection with a conversion of this Note, the Company shall issue to the Holder the number of shares of Common Stock not in dispute and resolve such dispute in accordance with Section 25. If a Conversion Notice delivered to the Company would result in a breach of Section4(d) below, and the Holder does not elect in writing to withdraw, in whole, such Conversion Notice, the Company shall hold such Conversion Notice in abeyance until such time as such Conversion Notice may be satisfied without violating Section 4(d) below (with such calculations thereunder made as of the date such Conversion Notice was initially delivered to the Company).

(d) Limitations on Conversions.

(i) Beneficial Ownership. The Company shall not effect the conversion of any portion of this Note, and the Holder shall not have the right to convert any portion of this Note pursuant to the terms and conditions of this Note and any such conversion shall be null and void and treated as if never made, to the extent that after giving effect to such conversion, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 9.99% (the "Maximum Percentage") of the shares of Common Stock outstanding immediately after giving effect to such conversion. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by the Holder and the other Attribution Parties shall include the number of shares of Common Stock held by the Holder and all other Attribution Parties plus the number of shares of Common Stock issuable upon conversion of this Note with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon (A) conversion of the remaining, nonconverted portion of this Note beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 3(d)(i). For purposes of this Section 3(d)(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act. For purposes of determining the number of outstanding shares of Common Stock the Holder may acquire upon the conversion of this Note without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Company's most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other public filing with the SEC, as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of shares of Common Stock outstanding (the "Reported Outstanding Share Number"). If the Company receives a Conversion Notice from the Holder at a time when the actual number of outstanding shares of Common Stock is less than the Reported Outstanding Share Number, the Company shall notify the Holder in writing of the number of shares of Common Stock then outstanding and, to the extent that such Conversion Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 3(d)(i), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of shares of Common Stock to be purchased pursuant to such Conversion Notice. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of shares of Common Stock to the Holder upon conversion of this Note results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding shares of Common Stock (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "Excess Shares") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of Notes that is not an Attribution Party of the Holder. For purposes of clarity, the shares of Common Stock issuable pursuant to the terms of this Note in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to convert this Note pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3(d)(i) to the extent necessary to correct this paragraph (or any portion of this paragraph) which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 3(d)(i) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Note.

(ii) Principal Market Regulation The Company shall not issue any shares of Common Stock upon conversion of this Note or otherwise pursuant to the terms of this Note if the issuance of such shares of Common Stock would exceed the aggregate number of shares of Common Stock which the Company may issue upon conversion of the Notes or otherwise pursuant to the terms of this Note without breaching the Company's obligations under the rules or regulations of the Principal Market (the number of shares which may be issued without violating such rules and regulations, including rules related to the aggregate of offerings under NASDAQ Listing Rule 5635(d), the "Exchange Cap"), except that such limitation shall not apply in the event that the Company (A) obtains the approval of its stockholders as required by the applicable rules of the Principal Market for issuances of shares of Common Stock in excess of such amount or (B) obtains a written opinion from counsel to the Company that such approval is not required, which opinion shall be reasonably satisfactory to the Holder. Until such approval or such written opinion is obtained, no Buyer shall be issued in the aggregate, upon conversion of any Notes or otherwise pursuant to the terms of the Notes, shares of Common Stock in an amount greater than the product of (i) the Exchange Cap as of the Issuance Date multiplied by (ii) the quotient of (1) the original principal amount of Notes issued to such Buyer pursuant to the Securities Purchase Agreement on the Closing Date (as defined in the Securities Purchase Agreement) divided by (2) the aggregate original principal amount of all Notes issued to the Buyers pursuant to the Securities Purchase Agreement on the Closing Date (with respect to each Buyer, the "Exchange Cap Allocation"). In the event that any Buyer shall sell or otherwise transfer any of such Buyer's Notes, the transferee shall be allocated a pro rata portion of such Buyer's Exchange Cap Allocation with respect to such portion of such Notes so transferred, and the restrictions of the prior sentence shall apply to such transferee with respect to the portion of the Exchange Cap Allocation so allocated to such transferee. Upon conversion in full of a holder's Notes, the difference (if any) between such holder's Exchange Cap Allocation and the number of shares of Common Stock actually issued to such holder upon such holder's conversion in full of such Notes shall be allocated to the respective Exchange Cap Allocations of the remaining holders of Notes on a pro rata basis in proportion to the shares of Common Stock underlying the Notes then held by each such holder of Notes. At any time after the Stockholder Meeting Deadline (as defined in the Securities Purchase Agreement), in the event that the Company is prohibited from issuing shares of Common Stock pursuant to this Section 3(d) (the "Exchange Cap Shares"), the Company shall pay cash in exchange for the cancellation of such portion of this Note convertible into such Exchange Cap Shares at a price equal to the sum of (i) the product of (x) such number of Exchange Cap Shares and (y) the greatest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date the Holder delivers the applicable Conversion Notice with respect to such Exchange Cap Shares to the Company and ending on the date of such issuance and payment under this Section 3(d) and (ii) to the extent of any Buy-In related thereto, any Buy-In Payment Amount, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith (collectively, the "Exchange Cap Share Cancellation Amount").

(e) Right of Alternate Conversion Upon an Event of Default.

(i) General. Subject to Section 4(d), at any time following an Event of Default Date (as defined below) with respect to an Event of Default that has not been cured prior to the delivery of the Conversion Notice by the Holder to the Company (regardless of whether the Company has delivered an Event of Default Notice to the Holder or otherwise notified the Company that an Event of Default has occurred), the Holder may, at the Holder's option, convert (each, an "Alternate Conversion", and the date of such Alternate Conversion, each, an "Alternate Conversion Date") all, or any part of, the Conversion Amount (such portion of the Conversion Amount subject to such Alternate Conversion, each, an "Alternate Conversion Amount") into Common Shares at the Alternate Conversion Price.

(ii) Mechanics of Alternate Conversion. On any Alternate Conversion Date, the Holder may voluntarily convert any Alternate Conversion Amount pursuant to Section 4(c) (with "Alternate Conversion Price" replacing "Conversion Price" for all purposes hereunder with respect to such Alternate Conversion) by designating in the Conversion Notice delivered pursuant to this Section 4(d)(i) of this Note that the Holder is electing to use the Alternate Conversion Price for such conversion. Notwithstanding anything to the contrary in this Section 4(e), but subject to Section 4(d), until the Company delivers shares of Common Stock representing the applicable Alternate Conversion Amount to the Holder, such Alternate Conversion Amount may be converted by the Holder into shares of Common Stock pursuant to Section 4(c) without regard to this Section 4(e).

5. RIGHTS UPON EVENT OF DEFAULT.

(a) Event of Default. Each of the following events shall constitute an "Event of Default" and each of the events in clauses (ix), (x) and (xi) shall constitute a "Bankruptcy Event of Default":

(i) the failure of the applicable Registration Statement (as defined in the Registration Rights Agreement) to be filed with the SEC on or prior to the date that is ten (10) Business Days after the applicable financial statement(s) are filed with the SEC;

(ii) while the applicable Registration Statement is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of the applicable Registration Statement lapses for any reason (including, without limitation, the issuance of a stop order) or such Registration Statement (or the prospectus contained therein) is unavailable to any holder of Registrable Securities (as defined in the Registration Rights Agreement) for sale of all of such holder's Registrable Securities in accordance with the terms of the Registration Rights Agreement, and such lapse or unavailability continues for a period of ten (10) consecutive days or for more than an aggregate of fifteen (15) days in any 365-day period (excluding days during an Allowed Delay (as defined in the Registration Rights Agreement));

(iii) the suspension from trading or the failure of the Common Stock to be trading or listed (as applicable) on an Eligible Market for a period of five (5) consecutive Trading Days;

(iv) the Company's (A) failure to cure a Conversion Failure by delivery of the required number of shares of Common Stock within five (5) Trading Days after the applicable Conversion Date or (B) notice, written or oral, to any holder of the Notes, including, without limitation, by way of public announcement or through any of its agents, at any time, of its intention not to comply, as required, with a request for conversion of any Notes into shares of Common Stock that is requested in accordance with the provisions of the Notes, other than pursuant to Section 3(d);

(v) except to the extent the Company is in compliance with Section 12(b) below, at any time following the tenth (10th) consecutive day that the Holder's Authorized Share Allocation (as defined in Section 12(a) below) is less than the number of shares of Common Stock that the Holder would be entitled to receive upon a conversion of the full Conversion Amount of this Note (without regard to any limitations on conversion set forth in Section 3(d) or otherwise);

(vi) the Company's or any Subsidiary's failure to pay to the Holder any amount of Principal, Interest, Late Charges or other amounts when and as due under this Note (including, without limitation, the Company's or any Subsidiary's failure to pay any redemption payments or amounts hereunder) or any other Transaction Document (as defined in the Securities Purchase Agreement) or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated hereby and thereby, except, in the case of a failure to pay Interest and Late Charges when and as due, in which case only if such failure remains uncured for a period of at least five (5) Trading Days;

(vii) the Company fails to remove any restrictive legend on any certificate or any shares of Common Stock issued to the Holder upon conversion or exercise (as the case may be) of any Securities (as defined in the Securities Purchase Agreement) acquired by the Holder under the Securities Purchase Agreement (including this Note) as and when required by such Securities or the Securities Purchase Agreement, unless otherwise then prohibited by applicable federal securities laws, and any such failure remains uncured for at least five (5) days;

(viii) the occurrence of any default under, redemption of or acceleration prior to maturity of at least an aggregate of $5,000,000 of Indebtedness (as defined in the Securities Purchase Agreement) of the Company or any of its Subsidiaries, other than with respect to any Other Notes;

(ix) bankruptcy, insolvency, reorganization, or liquidation proceedings or other proceedings for the relief of debtors shall be instituted by or against the Company or any Subsidiary and, if instituted against the Company or any Subsidiary by a third party, shall not be dismissed within thirty (30) days of their initiation;

(x) the commencement by the Company or any Subsidiary of a voluntary case or proceeding under any applicable federal, state, or foreign bankruptcy, insolvency, reorganization, or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree, order, judgment, or other similar document in respect of the Company or any Subsidiary in an involuntary case or proceeding under any applicable federal, state, or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal, state or foreign law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or any Subsidiary or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due, the taking of corporate action by the Company or any Subsidiary in furtherance of any such action or the taking of any action by any Person to commence a Uniform Commercial Code foreclosure sale or any other similar action under federal, state or foreign law;

(xi) the entry by a court of (i) a decree, order, judgment or other similar document in respect of the Company or any Subsidiary of a voluntary or involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or (ii) a decree, order, judgment or other similar document adjudging the Company or any Subsidiary as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation, reorganization, arrangement, adjustment or composition of or in respect of the Company or any Subsidiary under any applicable federal, state or foreign law or (iii) a decree, order, judgment, or other similar document appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator, or other similar official of the Company or any Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree, order, judgment, or other similar document or any such other decree, order, judgment or other similar document unstayed and in effect for a period of thirty (30) consecutive days;

(xii) a final judgment or judgments for the payment of money aggregating in excess of $5,000,000 are rendered against the Company and/or any of its Subsidiaries and which judgments are not, within thirty (30) days after the entry thereof, bonded, discharged, settled or stayed pending appeal, or are not discharged within thirty (30) days after the expiration of such stay; provided, however, any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the $5,000,000 amount set forth above so long as the Company provides the Holder a written statement from such insurer or indemnity provider (which written statement shall be reasonably satisfactory to the Holder) to the effect that such judgment is covered by insurance or an indemnity and the Company or such Subsidiary (as the case may be) will receive the proceeds of such insurance or indemnity within thirty (30) days of the issuance of such judgment;

(xiii) the Company and/or any Subsidiary, individually or in the aggregate, either (i) fails to pay, when due, or within any applicable grace period, any payment with respect to any Indebtedness in excess of $5,000,000 due to any third party (other than, with respect to unsecured Indebtedness only, payments contested by the Company and/or such Subsidiary (as the case may be) in good faith by proper proceedings and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP) or is otherwise in breach or violation of any agreement for monies owed or owing in an amount in excess of $10,000,000, which failure to pay, breach, or violation permits the other party thereto to declare a default or otherwise accelerate amounts due thereunder, or (ii) suffer to exist any other circumstance or event that would, with or without the passage of time or the giving of notice, result in a default or event of default under any agreement binding the Company or any Subsidiary, which default or event of default would have a material adverse effect on the business, assets, operations (including results thereof), liabilities, properties, condition (including financial condition) or prospects of the Company or any of its Subsidiaries, individually or in the aggregate;

(xiv) other than as specifically set forth in another clause of this Section 4(a), the Company or any Subsidiary breaches any representation or warranty, in any material respect (other than representations or warranties subject to material adverse effect or materiality, which may not be breached in any respect) or any covenant or other term or condition of any Transaction Document, except, in the case of a breach of a representation, warranty, covenant, or other term or condition that is curable, only if such breach remains uncured for a period of thirty (30) calendar days;

(xv) a materially false or inaccurate certification by the Company as to whether any Event of Default has occurred;

(xvi) any material breach or failure in any respect by the Company or any Subsidiary to comply with any provision of Section 15 of this Note;

(xvii) any Material Adverse Effect (as defined in the Securities Purchase Agreement) occurs; provided, that such Material Adverse Effect remains uncured or unremedied for thirty (30) calendar days after the Company receives written notice thereof from the Holder

(xviii) any provision of any Transaction Document (including, without limitation, the Guaranties) shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against the parties thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Company or any Subsidiary or any governmental authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or the Company or any Subsidiary shall deny in writing that it has any liability or obligation purported to be created under any Transaction Document (including, without limitation, the Guaranties);

(xix) any material damage to, or loss, theft or destruction of, any material assets of the Company, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty which causes, for more than fifteen (15) consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of the Company or any Subsidiary, if any such event or circumstance could have a Material Adverse Effect;

(xx) if any Current Public Information Failure (as defined in the Registration Rights Agreement) occurs (other than during any Allowable Grace Period (as defined in the Registration Rights Agreement));

(xxi) the voluntary delisting of the Common Stock from the Principal Market by the Company (other than for purposes of listing on another Eligible Market);

(xxii) if any Price Closing Failure occurs; or

(xxiii) any Event of Default (as defined in the Other Notes) occurs with respect to any Other Notes.

(b) Notice of an Event of Default; Redemption Right. Upon the occurrence of an Event of Default with respect to this Note or any Other Note (the "Event of Default Date"), the Company shall within one (1) Business Day of its discovery of such Event of Default deliver written notice thereof via electronic mail and overnight courier (with next day delivery specified) (an "Event of Default Notice") to the Holder. At any time after the earlier of the Holder's receipt of an Event of Default Notice and the Holder becoming aware of an Event of Default, the Holder may require the Company to redeem (regardless of whether such Event of Default has been cured) all or any portion of this Note by delivering written notice thereof (the "Event of Default Redemption Notice") to the Company, which Event of Default Redemption Notice shall indicate the portion of this Note the Holder is electing to redeem. Each portion of this Note subject to redemption by the Company pursuant to this Section 4(b) shall be redeemed by the Company at a price equal to the greater of (i) the product of (A) the Conversion Amount to be redeemed multiplied by (B) the Redemption Premium and (ii) the product of (X) the Conversion Rate (using the Alternate Conversion Price then in effect) with respect to the Conversion Amount in effect at such time as the Holder delivers an Event of Default Redemption Notice multiplied by (Y) the product of (1) the Redemption Premium multiplied by (2) the Closing Sale Price of the Common Stock on the date the Holder delivers an Event of Default Redemption Notice (the "Event of Default Redemption Price"). Redemptions required by this Section 4(b) shall be made in accordance with the provisions of Section 13. To the extent redemptions required by this Section 4(b) are deemed or determined by a court of competent jurisdiction to be prepayments of this Note by the Company, such redemptions shall be deemed to be voluntary prepayments. Notwithstanding anything to the contrary in this Section 4(b), but subject to Section 3(d), until the Event of Default Redemption Price (together with any Late Charges thereon) is paid in full, the Conversion Amount submitted for redemption under this Section 4(b) (together with any Late Charges thereon) may be converted, in whole or in part, by the Holder into Common Stock pursuant to the terms of this Note. In the event of the Company's redemption of any portion of this Note under this Section 4(b), the Holder's damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 4(b) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder's actual loss of its investment opportunity and not as a penalty. Any redemption upon an Event of Default shall not constitute an election of remedies by the Holder, and all other rights and remedies of the Holder shall be preserved.

(c) Mandatory Redemption upon Bankruptcy Event of Default. Notwithstanding anything to the contrary herein, and notwithstanding any conversion that is then required or in process, upon any Bankruptcy Event of Default, whether occurring prior to or following the Maturity Date, the Company shall immediately pay to the Holder an amount in cash representing (i) all outstanding Principal, accrued and unpaid Interest and accrued and unpaid Late Charges on such Principal and Interest, multiplied by (ii) the Redemption Premium, in addition to any and all other amounts due hereunder, without the requirement for any notice or demand or other action by the Holder or any other person or entity, provided that the Holder may, in its sole discretion, waive such right to receive payment upon a Bankruptcy Event of Default, in whole or in part, and any such waiver shall not affect any other rights of the Holder hereunder, including any other rights in respect of such Bankruptcy Event of Default, any right to conversion, and any right to payment of the Event of Default Redemption Price or any other Redemption Price, as applicable.

6. RIGHTS UPON FUNDAMENTAL TRANSACTION.

(a) Assumption. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Note and the other Transaction Documents in accordance with the provisions of this Section 5(a) pursuant to written agreements in form and substance satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to each holder of Notes in exchange for such Notes a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to the Notes, including, without limitation, having a principal amount and interest rate equal to the principal amounts then outstanding and the interest rates of the Notes held by such holder, having similar conversion rights as the Notes and having similar ranking and security to the Notes, and satisfactory to the Holder and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose common stock is quoted on or listed for trading on an Eligible Market. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of a Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon conversion or redemption of this Note at any time after the consummation of such Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 6 and 17, which shall continue to be receivable thereafter)) issuable upon the conversion or redemption of the Notes prior to such Fundamental Transaction, such shares of the publicly traded common stock (or their equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Note been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of this Note), as adjusted in accordance with the provisions of this Note. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 5(a) to permit the Fundamental Transaction without the assumption of this Note. The provisions of this Section 5 shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion of this Note.

(b) Notice of a Change of Control; Redemption Right. No sooner than twenty (20) Trading Days nor later than ten (10) Trading Days prior to the consummation of a Change of Control (the "Change of Control Date"), but not prior to the public announcement of such Change of Control, the Company shall deliver written notice thereof via electronic mail and overnight courier to the Holder (a "Change of Control Notice"). At any time during the period beginning after the Holder's receipt of a Change of Control Notice or the Holder becoming aware of a Change of Control if a Change of Control Notice is not delivered to the Holder in accordance with the immediately preceding sentence (as applicable) and ending on twenty (20) Trading Days after the later of (A) the date of consummation of such Change of Control or (B) the date of receipt of such Change of Control Notice or (C) the date of the announcement of such Change of Control, the Holder may require the Company to redeem all or any portion of this Note by delivering written notice thereof ("Change of Control Redemption Notice") to the Company, which Change of Control Redemption Notice shall indicate the Conversion Amount the Holder is electing to redeem. The portion of this Note subject to redemption pursuant to this Section 5 shall be redeemed by the Company in cash at a price equal to the greatest of (i) the product of (w) the Change of Control Redemption Premium multiplied by (y) the Conversion Amount being redeemed, (ii) the product of (x) the Change of Control Redemption Premium multiplied by (y) the product of (A) the Conversion Amount being redeemed multiplied by (B) the quotient determined by dividing (I) the greatest Closing Sale Price of the shares of Common Stock during the period beginning on the date immediately preceding the earlier to occur of (1) the consummation of the applicable Change of Control and (2) the public announcement of such Change of Control and ending on the date the Holder delivers the Change of Control Redemption Notice by (II) the Alternate Conversion Price then in effect and (iii) the product of (y) the Change of Control Redemption Premium multiplied by (z) the product of (A) the Conversion Amount being redeemed multiplied by (B) the quotient of (I) the aggregate cash consideration and the aggregate cash value of any non-cash consideration per share of Common Stock to be paid to the holders of the shares of Common Stock upon consummation of such Change of Control (any such non-cash consideration constituting publicly-traded securities shall be valued at the highest of the Closing Sale Price of such securities as of the Trading Day immediately prior to the consummation of such Change of Control, the Closing Sale Price of such securities on the Trading Day immediately following the public announcement of such proposed Change of Control and the Closing Sale Price of such securities on the Trading Day immediately prior to the public announcement of such proposed Change of Control) divided by (II) the Conversion Price then in effect (the "Change of Control Redemption Price"). Redemptions required by this Section 5 shall be made in accordance with the provisions of Section 13 and shall have priority to payments to shareholders in connection with such Change of Control. To the extent redemptions required by this Section 5(b) are deemed or determined by a court of competent jurisdiction to be prepayments of this Note by the Company, such redemptions shall be deemed to be voluntary prepayments. Notwithstanding anything to the contrary in this Section 5, but subject to Section 3(d), until the Change of Control Redemption Price (together with any Late Charges thereon) is paid in full, the Conversion Amount submitted for redemption under this Section 5(b) (together with any Late Charges thereon) may be converted, in whole or in part, by the Holder into Common Stock pursuant to Section 3. In the event of the Company's redemption of any portion of this Note under this Section 5(b), the Holder's damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 5(b) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder's actual loss of its investment opportunity and not as a penalty.

7. RIGHTS UPON ISSUANCE OF PURCHASE RIGHTS AND OTHER CORPORATE EVENTS.

(a) Purchase Rights. In addition to any adjustments pursuant to Sections 7 or 17 below, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to all or substantially all of the record holders of any class of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note and assuming for such purpose that the Note was converted at the Conversion Price as of the applicable record date) immediately prior to the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Purchase Right (and beneficial ownership) to the extent of any such excess) and such Purchase Right to such extent shall be held in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable) for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such right (and any Purchase Right granted, issued or sold on such initial Purchase Right or on any subsequent Purchase Right held similarly in abeyance (and, if such Purchase Right has an expiration date, maturity date or other similar provision, such term shall be extended by such number of days held in abeyance, if applicable)) to the same extent as if there had been no such limitation).

(b) Other Corporate Events. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "Corporate Event"), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon conversion of this Note, at the Holder's option (i) in addition to the shares of Common Stock receivable upon such conversion, such securities or other assets to which the Holder would have been entitled with respect to such shares of Common Stock had such shares of Common Stock been held by the Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of this Note) or (ii) in lieu of the shares of Common Stock otherwise receivable upon such conversion, such securities or other assets received by the holders of shares of Common Stock in connection with the consummation of such Corporate Event in such amounts as the Holder would have been entitled to receive had this Note initially been issued with conversion rights for the form of such consideration (as opposed to shares of Common Stock) at a conversion rate for such consideration commensurate with the Conversion Rate. Provision made pursuant to the preceding sentence shall be in a form and substance satisfactory to the Holder. The provisions of this Section 6 shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion or redemption of this Note.

8. ADJUSTMENTS.

(a) Adjustment of Conversion Price upon Subdivision or Combination of Common Stock. Without limiting any provision of Section 6, Section 17 or Section 7(a), if the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, stock combination, recapitalization or other similar transaction) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. Without limiting any provision of Section 6, Section 17 or Section 7(a), if the Company at any time on or after the Subscription Date combines (by any stock split, stock dividend, stock combination, recapitalization or other similar transaction) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased. Any adjustment pursuant to this Section 8(a) shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this Section 8(a) occurs during the period that a Conversion Price is calculated hereunder, then the calculation of such Conversion Price shall be adjusted appropriately to reflect such event.

(b) Other Events. If the Company (or any Subsidiary) shall take any action to which the provisions hereof are not strictly applicable, or, if applicable, would not operate to protect the Holder from dilution or if any event occurs of the type contemplated by the provisions of this Section 8 but not expressly provided for by such provisions (including, without limitation, the granting of stock appreciation rights, phantom stock rights, or other rights with equity features), then the Company's board of directors shall in good faith determine and implement an appropriate adjustment in the Conversion Price so as to protect the rights of the Holder, provided that no such adjustment pursuant to this Section 8(b) will increase the Conversion Price as otherwise determined pursuant to this Section 8, provided further that if the Holder does not accept such adjustments as appropriately protecting its interests hereunder against such dilution, then the Company's board of directors and the Holder shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such appropriate adjustments, whose determination shall be final and binding absent manifest error and whose fees and expenses shall be borne by the Company.

(c) Calculations. All calculations under this Section 7 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(d) Voluntary Adjustment by Company. Subject to the rules and regulations of the Principal Market, the Company may at any time during the term of this Note, with the prior written consent of the Required Holders (as defined in the Securities Purchase Agreement), reduce the then current Conversion Price of each of the Notes to any amount and for any period of time deemed appropriate by the board of directors of the Company.

9. REDEMPTIONS AT THE COMPANY'S ELECTION.

(a) Company Optional Redemption. At any time, the Company shall have the right to redeem all, or any part, of the Conversion Amount then remaining under this Note (each, a "Company Optional Redemption Amount") on the Company Optional Redemption Date (each as defined below) (each, a "Company Optional Redemption"). The portion of this Note subject to redemption pursuant to this Section 8(a) shall be redeemed by the Company in cash at a price (each, a "Company Optional Redemption Price") equal to 110% of the Conversion Amount being redeemed as of the Company Optional Redemption Date. The Company may exercise its right to require redemption under this Section 8(a) by delivering a written notice thereof by electronic mail and overnight courier to all, but not less than all, of the holders of Notes (the "Company Optional Redemption Notice" and the date all of the holders of Notes received such notice is referred to as the "Company Optional Redemption Notice Date"). The Company may deliver only one Company Optional Redemption Notice hereunder in any given twenty (20) Trading Day period and each Company Optional Redemption Notice shall be irrevocable. The Company Optional Redemption Notice shall (x) state the date on which the Company Optional Redemption shall occur (the "Company Optional Redemption Date") which date shall not be less than fifteen (15) Trading Days, and (y) state the aggregate Conversion Amount of the Notes which is being redeemed in such Company Optional Redemption from the Holder and all of the other holders of the Notes pursuant to this Section 8(a) (and analogous provisions under the Other Notes) on the Company Optional Redemption Date. All Conversion Amounts converted by the Holder after the Company Optional Redemption Notice Date shall reduce the Company Optional Redemption Amount of this Note required to be redeemed on the Company Optional Redemption Date. Redemptions made pursuant to this Section 8(a) shall be made in accordance with Section 13. In the event of the Company's redemption of any portion of this Note under this Section 8(a), the Holder's damages would be uncertain and difficult to estimate because of the parties' inability to predict future interest rates and the uncertainty of the availability of a suitable substitute investment opportunity for the Holder. Accordingly, any redemption premium due under this Section 8(a) is intended by the parties to be, and shall be deemed, a reasonable estimate of the Holder's actual loss of its investment opportunity and not as a penalty. For the avoidance of doubt, the Company shall have no right to effect a Company Optional Redemption if any Event of Default has occurred and continuing, but any Event of Default shall have no effect upon the Holder's right to convert this Note in its discretion. If the Company delivers to the Holder a Company Optional Redemption Notice, the Holder may convert, in whole or in part, the Conversion Amount equal to the Company Optional Redemption Amount or set forth in the Company Optional Redemption, at any time until such Company Optional Redemption Amount is fully paid, into Common Shares pursuant to the terms of this Note, but subject to Section 4(d).

(b) Pro Rata Redemption Requirement. If the Company elects to cause a Company Optional Redemption of this Note pursuant to Section 9(a) above, then it must simultaneously take the same action with respect to all of the Other Notes.

10. SUBSEQUENT PLACEMENT OPTIONAL REDEMPTION.

(a) General. At any time from and after the earlier of (x) the date the Holder becomes aware of the occurrence of a Subsequent Placement (as defined in the Securities Purchase Agreement) (the "Holder Notice Date") and (y) the time of consummation of a Subsequent Placement (in each case, other than with respect to Excluded Securities (as defined in the Securities Purchase Agreement)) (each, an "Eligible Subsequent Placement"), the Holder shall have the right, in its sole discretion, to require that the Company redeem (each a "Subsequent Placement Optional Redemption") all, or any portion, of the Conversion Amount under this Note not in excess of (together with any Subsequent Placement Optional Redemption Amount (as defined in the applicable other Note of the Holder) of any other Notes of the Holder) the Holder's Holder Pro Rata Amount of up to 50% of the net proceeds of such Eligible Subsequent Placement (the "Eligible Subsequent Placement Optional Redemption Amount") by delivering written notice thereof (a "Subsequent Placement Optional Redemption Notice") to the Company.

(b) Mechanics. Each Subsequent Placement Optional Redemption Notice shall indicate that all, or such applicable portion, as set forth in the applicable Subsequent Placement Optional Redemption Notice, of the Eligible Subsequent Placement Optional Redemption Amount the Holder is electing to have redeemed (the "Subsequent Placement Optional Redemption Amount") and the date of such Subsequent Placement Optional Redemption (the "Subsequent Placement Optional Redemption Date"), which shall be the later of (x) the fifth (5th) Business Day after the date of the applicable Subsequent Placement Optional Redemption Notice and (y) the date of the consummation of such Eligible Subsequent Placement. The portion of the Conversion Amount of this Note subject to redemption pursuant to this Section 9 shall be redeemed by the Company in cash at a price equal to 100% of the Subsequent Placement Optional Redemption Amount (the "Subsequent Placement Optional Redemption Price"). Redemptions required by this Section 9 shall be made in accordance with the provisions of Section 13. For the avoidance of doubt, "net proceeds" means the gross proceeds of such Eligible Subsequent Placement less reasonable and documented fees, costs and expenses incurred by the Company in connection with such Eligible Subsequent Placement. If the Company delivers to the Holder a Subsequent Placement Optional Redemption Notice, the Holder may convert, in whole or in part, the Conversion Amount equal to the Eligible Subsequent Placement Optional Redemption Amount or set forth in the Subsequent Placement Optional Redemption, at any time until such Eligible Subsequent Placement Optional Redemption Amount is fully paid, into Common Shares pursuant to the terms of this Note, but subject to Section 4(d).

11. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Articles of Incorporation (as defined in the Securities Purchase Agreement), Bylaws (as defined in the Securities Purchase Agreement) or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of the Holder of this Note. Without limiting the generality of the foregoing or any other provision of this Note or the other Transaction Documents, the Company (a) shall not increase the par value of any shares of Common Stock receivable upon conversion of this Note above the Conversion Price then in effect, and (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of this Note. Notwithstanding anything herein to the contrary, if after the ninety (90) calendar day anniversary of the Issuance Date, the Holder is not permitted to convert this Note in full for any reason (other than pursuant to restrictions set forth in Section 3(d) hereof), the Company shall use its best efforts to promptly remedy such failure, including, without limitation, obtaining such consents or approvals as necessary to permit such conversion into shares of Common Stock.

12. RESERVATION OF AUTHORIZED SHARES.

(a) Reservation. So long as any Notes remain outstanding, the Company shall at all times reserve at least 200% of the number of shares of Common Stock as shall from time to time be necessary to effect the conversion of all of the Notes then outstanding (without regard to any limitations on conversions and assuming such Notes remain outstanding until the Maturity Date) at the Floor Price then in effect (the "Required Reserve Amount"). The Required Reserve Amount (including, without limitation, each increase in the number of shares so reserved) shall be allocated pro rata among the holders of the Notes based on the original principal amount of the Notes held by each holder on the Closing Date or increase in the number of reserved shares, as the case may be (the "Authorized Share Allocation"). In the event that a holder shall sell or otherwise transfer any of such holder's Notes, each transferee shall be allocated a pro rata portion of such holder's Authorized Share Allocation. Any shares of Common Stock reserved and allocated to any Person which ceases to hold any Notes shall be allocated to the remaining holders of Notes, pro rata based on the principal amount of the Notes then held by such holders.

(b) Insufficient Authorized Shares. If, notwithstanding Section 12(a), and not in limitation thereof, at any time while any of the Notes remain outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon conversion of the Notes at least a number of shares of Common Stock equal to the Required Reserve Amount (an "Authorized Share Failure"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Notes then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than ninety (90) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its shareholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each shareholder with a proxy statement and shall use its best efforts to solicit its shareholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the shareholders that they approve such proposal. In the event that the Company is prohibited from issuing shares of Common Stock pursuant to the terms of this Note due to the failure by the Company to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the "Authorized Failure Shares"), in lieu of delivering such Authorized Failure Shares to the Holder, the Company shall pay cash in exchange for the redemption of such portion of the Conversion Amount convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorized Failure Shares and (y) the greatest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date the Holder delivers the applicable Conversion Notice with respect to such Authorized Failure Shares to the Company and ending on the date of such issuance and payment under this Section 12(a); and (ii) to the extent the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of Authorized Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith. Nothing contained in Section 12(a) or this Section 12(b) shall limit any obligations of the Company under any provision of the Securities Purchase Agreement.

13. REDEMPTIONS.

(a) Mechanics. The Company shall deliver the applicable Event of Default Redemption Price to the Holder in cash within five (5) Business Days after the Company's receipt of the Holder's Event of Default Redemption Notice. If the Holder has submitted a Change of Control Redemption Notice in accordance with Section 5(b), the Company shall deliver the applicable Change of Control Redemption Price to the Holder in cash concurrently with the consummation of such Change of Control if such notice is received prior to the consummation of such Change of Control and within five (5) Business Days after the Company's receipt of such notice otherwise. The Company shall deliver the applicable Company Optional Redemption Price to the Holder in cash on the applicable Company Optional Redemption Date. The Company shall deliver the applicable Subsequent Placement Optional Redemption Price to the Holder in cash on the applicable Subsequent Placement Optional Redemption Date. Notwithstanding anything herein to the contrary, in connection with any redemption hereunder at a time the Holder is entitled to receive a cash payment under any of the other Transaction Documents, at the option of the Holder delivered in writing to the Company, the applicable Redemption Price hereunder shall be increased by the amount of such cash payment owed to the Holder under such other Transaction Document and, upon payment in full or conversion in accordance herewith, shall satisfy the Company's payment obligation under such other Transaction Document. In the event of a redemption of less than all of the Conversion Amount of this Note, the Company shall promptly cause to be issued and delivered to the Holder a new Note (in accordance with Section 20(d)) representing the outstanding Principal which has not been redeemed. In the event that the Company does not pay the applicable Redemption Price to the Holder within the time period required, at any time thereafter and until the Company pays such unpaid Redemption Price in full, the Holder shall have the option, in lieu of redemption, to require the Company to promptly return to the Holder all or any portion of this Note representing the Conversion Amount that was submitted for redemption and for which the applicable Redemption Price (together with any Late Charges thereon) has not been paid. Upon the Company's receipt of such notice, (x) the applicable Redemption Notice shall be null and void with respect to such Conversion Amount, (y) the Company shall immediately return this Note, or issue a new Note (in accordance with Section 20(d)), to the Holder, and in each case the principal amount of this Note or such new Note (as the case may be) shall be increased by an amount equal to the difference between (1) the applicable Redemption Price (as the case may be, and as adjusted pursuant to this Section 13, if applicable) minus the Principal portion of the Conversion Amount submitted for redemption and (z) the Conversion Price of this Note or such new Notes (as the case may be) shall be automatically adjusted with respect to each conversion effected thereafter by the Holder to the lowest of (A) the Conversion Price as in effect on the date on which the applicable Redemption Notice is voided, (B) the greater of (x) the Floor Price and (y) 75% of the lowest Closing Bid Price of the Common Stock during the period beginning on and including the date on which the applicable Redemption Notice is delivered to the Company and ending on and including the date on which the applicable Redemption Notice is voided and (C) the greater of (x) the Floor Price and (y) 75% of the quotient of (I) the sum of the five (5) lowest VWAPs of the Common Stock during the twenty (20) consecutive Trading Day period ending and including the applicable Conversion Date divided by (II) five (5) (it being understood and agreed that all such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period). The Holder's delivery of a notice voiding a Redemption Notice and exercise of its rights following such notice shall not affect the Company's obligations to make any payments of Late Charges which have accrued prior to the date of such notice with respect to the Conversion Amount subject to such notice.

(b) Redemption by Other Holders. Upon the Company's receipt of notice from any of the holders of the Other Notes for redemption or repayment as a result of an event or occurrence substantially similar to the events or occurrences described in Section 4(b) or Section 5(b) (each, an "Other Redemption Notice"), the Company shall immediately, but no later than one (1) Business Day of its receipt thereof, forward to the Holder by electronic mail a copy of such notice. If the Company receives a Redemption Notice and one or more Other Redemption Notices, during the seven (7) Business Day period beginning on and including the date which is two (2) Business Days prior to the Company's receipt of the Holder's applicable Redemption Notice and ending on and including the date which is two (2) Business Days after the Company's receipt of the Holder's applicable Redemption Notice and the Company is unable to redeem all principal, interest and other amounts designated in such Redemption Notice and such Other Redemption Notices received during such seven (7) Business Day period, then the Company shall redeem a pro rata amount from each holder of the Notes (including the Holder) based on the principal amount of the Notes submitted for redemption pursuant to such Redemption Notice and such Other Redemption Notices received by the Company during such seven (7) Business Day period.

14. VOTING RIGHTS. The Holder shall have no voting rights as the holder of this Note, except as required by law and as expressly provided in this Note.

15. COVENANTS. Until all of the Notes have been converted, redeemed or otherwise satisfied in accordance with their terms:

(a) Rank. All payments due under this Note shall rank pari passu with all Other Notes.

(b) Restricted Payments and Investments. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, redeem, defease, repurchase, repay or make any payments in respect of, by the payment of cash or cash equivalents (in whole or in part, whether by way of open market purchases, tender offers, private transactions or otherwise), all or any portion of any Indebtedness (other than the Notes) whether by way of payment in respect of principal of (or premium, if any) or interest on, such Indebtedness or make any Investment, as applicable, if at the time such payment with respect to such Indebtedness and/or Investment, as applicable, is due or is otherwise made or, after giving effect to such payment, (i) an event constituting an Event of Default has occurred and is continuing or (ii) an event that with the passage of time and without being cured would constitute an Event of Default has occurred and is continuing.

(c) Restriction on Redemption and Cash Dividends. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, redeem, repurchase, or declare or pay any cash dividend or distribution on any of its capital stock (other than Permitted Dividends (as defined in the Securities Purchase Agreement) paid in capital stock).

(d) Restriction on Transfer of Assets. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, sell, lease, license, assign, transfer, spin-off, split-off, close, convey or otherwise dispose of any assets or rights of the Company or any Subsidiary owned or hereafter acquired whether in a single transaction or a series of related transactions (each, an "Asset Sale"), other than (i) sales, leases, licenses, assignments, transfers, conveyances and other dispositions of such assets or rights by the Company and its Subsidiaries in the ordinary course of business consistent with its past practice, (ii) sales of inventory and product in the ordinary course of business, and (iii) arms-length sales of non-core assets for fair market value where the net proceeds are applied to repay this Note.

(e) Change in Nature of Business. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, engage in any material line of business substantially different from those lines of business conducted by or publicly contemplated to be conducted by the Company and each of its Subsidiaries on the Subscription Date or any business substantially related or incidental thereto. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, modify its or their corporate structure or purpose in a manner that would materially and adversely affect the Holder's rights under this Note or the other Transaction Documents.

(f) Preservation of Existence, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(g) Maintenance of Properties, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder.

(h) Maintenance of Intellectual Property. The Company will, and will cause each of its Subsidiaries to, take all action necessary or advisable to maintain all of the Intellectual Property Rights (as defined in the Securities Purchase Agreement) of the Company and/or any of its Subsidiaries that are necessary or material to the conduct of its business in full force and effect.

(i) Maintenance of Insurance. The Company shall maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard, rent, and business interruption insurance) with respect to its properties (including all real properties leased or owned by it) and business, in such amounts and covering such risks as is required by any governmental authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated (including, without limitation, no less than $1,000,000.00 of director and officer insurance).

(j) Transactions with Affiliates. The Company shall not, nor shall it permit any of its Subsidiaries to, enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any affiliate, except transactions in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an affiliate thereof.

(k) PCAOB Registered Auditor. At all times any Notes remain outstanding, the Company shall have engaged an independent auditor to audit its financial statements that is registered with (and in compliance with the rules and regulations of) the Public Company Accounting Oversight Board.

(l) Stay, Extension and Usury Laws. To the extent that it may lawfully do so, the Company (A) agrees that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law (wherever or whenever enacted or in force) that may affect the covenants or the performance of this Note; and (B) expressly waives all benefits or advantages of any such law and agrees that it will not, by resort to any such law, hinder, delay or impede the execution of any power granted to the Holder by this Note, but will suffer and permit the execution of every such power as though no such law has been enacted.

(m) Taxes. The Company and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed against the Company and its Subsidiaries or their respective assets or upon their ownership, possession, use, operation or disposition thereof or upon their rents, receipts or earnings arising therefrom (except where the failure to pay would not, individually or in the aggregate, have a material effect on the Company or any of its Subsidiaries). The Company and its Subsidiaries shall file on or before the due date therefor all personal property tax returns (except where the failure to file would not, individually or in the aggregate, have a material effect on the Company or any of its Subsidiaries). Notwithstanding the foregoing, the Company and its Subsidiaries may contest, in good faith and by appropriate proceedings, taxes for which they maintain adequate reserves therefor in accordance with GAAP.

(n) Independent Investigation. At the request of the Holder either (x) at any time when an Event of Default has occurred and is continuing, (y) upon the occurrence of an event that with the passage of time or giving of notice would constitute an Event of Default, or (z) at any time the Holder reasonably believes (accompanied by supporting documentation or evidence that provides a reasonable basis for such belief) an Event of Default may have occurred or be continuing, the Company shall hire an independent, reputable investment bank selected by the Company and approved by the Holder to investigate as to whether any breach of this Note has occurred (the "Independent Investigator"). The Independent Investigator shall enter into a customary non-disclosure agreement with the Company and shall not disclose any information except as necessary to confirm the breach. In addition to that, access shall be limited to information reasonably related to the potential breach under investigation. If the Independent Investigator determines that such breach of this Note has occurred, the Independent Investigator shall notify the Company of such breach and the Company shall deliver written notice to each holder of a Note of such breach. In connection with such investigation, the Independent Investigator may, during normal business hours, inspect all contracts, books, records, personnel, offices, and other facilities and properties of the Company and its Subsidiaries and, to the extent available to the Company after the Company uses reasonable efforts to obtain them, the records of its legal advisors and accountants (including the accountants' work papers) and any books of account, records, reports, and other papers not contractually required of the Company to be confidential or secret, or subject to attorney-client or other evidentiary privilege, and the Independent Investigator may make such copies and inspections thereof as the Independent Investigator may reasonably request. The Company shall furnish the Independent Investigator with such financial and operating data and other information with respect to the business and properties of the Company as the Independent Investigator may reasonably request. The Company shall permit the Independent Investigator to discuss the affairs, finances, and accounts of the Company with, and to make proposals and furnish advice with respect thereto to, the Company's officers, directors, key employees, and independent public accountants or any of them (and by this provision the Company authorizes said accountants to discuss with such Independent Investigator the finances and affairs of the Company and any Subsidiaries), all at such reasonable times, upon reasonable notice, and as often as may be reasonably requested.

16. DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Sections 6(a) or 7, if the Company shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to any or all holders of shares of Common Stock, by way of return of capital or otherwise (including without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (the "Distributions"), then the Holder will be entitled to such Distributions as if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note and assuming for such purpose that the Note was converted at the Conversion Price as of the applicable record date) immediately prior to the date on which a record is taken for such Distribution or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for such Distributions (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Distribution (and beneficial ownership) to the extent of any such excess) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times, if ever, (a) that the Holder converts all or a portion of the Note, in which case the Holder's right to participate in such Distribution shall be limited to the Distribution attributable to the Conversion Shares issued or issuable upon such conversion, subject to adjustment as set forth in this Note, and (b) if the Holder converts all or a portion of the Note and clause (a) thus applies, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

17. AMENDING THE TERMS OF THIS NOTE. Except for Section 3(d), which may not be amended, modified or waived by the parties hereto, the prior written consent of the Required Holders (as defined in the Securities Purchase Agreement) shall be required for any amendment, modification or waiver to this Note. Any amendment, modification or waiver so approved shall be binding upon all existing and future holders of this Note and any Other Notes; provided, however, that no such change, waiver or, as applied to any of the Notes held by any particular holder of Notes, shall, without the written consent of that particular holder, (i) reduce the amount of Principal, reduce the amount of accrued and unpaid Interest, or extend the Maturity Date, of the Notes, (ii) disproportionally and adversely affect any rights under the Notes of any holder of Notes; or (iii) modify any of the provisions of, or impair the right of any holder of Notes under, this Section 17.

18. TRANSFER. This Note and any shares of Common Stock issued upon conversion of this Note may be offered, sold, assigned, or transferred by the Holder without the consent of the Company, subject only to the provisions of Section 4.1(c) of the Securities Purchase Agreement.

19. REISSUANCE OF THIS NOTE.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note (in accordance with Section 20(d)), registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 20(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of Section 3(c)(iii) following conversion or redemption of any portion of this Note, the outstanding Principal represented by this Note may be less than the Principal stated on the face of this Note.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 20(d)) representing the outstanding Principal.

(c) Note Exchangeable for Different Denominations. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Note or Notes (in accordance with Section 20(d) and in principal amounts of at least $100,000) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Notes. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 20(a) or Section 20(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Interest and Late Charges on the Principal and Interest of this Note, from the Issuance Date.

20. REMEDIES, CHARACTERIZATIONS, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. No failure on the part of the Holder to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Holder of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. In addition, the exercise of any right or remedy of the Holder at law or equity or under this Note or any of the documents shall not be deemed to be an election of Holder's rights or remedies under such documents or at law or equity. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note (including, without limitation, compliance with Section 7).

21. PAYMENT OF COLLECTION, ENFORCEMENT, AND OTHER COSTS. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note and/or any other Transaction Document or to enforce the provisions of this Note and/or any other Transaction Document, or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements. The Company expressly acknowledges and agrees that no amounts due under this Note and/or any other Transaction Document, as applicable, shall be affected, or limited, by the fact that the purchase price paid for this Note was less than the original Principal amount hereof.

22. CONSTRUCTION; HEADINGS. This Note shall be deemed to be jointly drafted by the Company and the initial Holder and shall not be construed against any such Person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include every gender and the singular and plural forms thereof. The terms "including," "includes," "include," and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Note instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Note. Terms used in this Note and not otherwise defined herein, but defined in the other Transaction Documents, shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Holder.

23. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of the Holder in the exercise of any power, right, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right, or privilege preclude other or further exercise thereof or of any other right, power, or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. Notwithstanding the foregoing, nothing contained in this Section 23 shall permit any waiver of any provision of Section 3(d).

24. DISPUTE RESOLUTION.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to a Closing Bid Price, a Closing Sale Price, a Conversion Price, an Alternate Conversion Price, a VWAP, a fair market value, or the arithmetic calculation of a Conversion Rate or the applicable Redemption Price (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing), the Company or the Holder (as the case may be) shall submit the dispute to the other party via electronic mail (A) if by the Company, within five (5) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by the Holder at any time after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Company are unable to promptly resolve such dispute relating to such Closing Bid Price, such Closing Sale Price, such Conversion Price, such Alternate Conversion Price, such VWAP, or such fair market value, or the arithmetic calculation of such Conversion Rate or such applicable Redemption Price (as the case may be), at any time after the fifth (5th) Business Day following such initial notice by the Company or the Holder (as the case may be) of such dispute to the Company or the Holder (as the case may be), then the Company and the Investor may select an independent, reputable investment bank as mutually agreed upon to resolve such dispute. If the parties cannot agree upon such an investment bank within ten (10) Business Days of the date of the initial notice, the parties shall apply to the Chancery Court of the State of Delaware and the United States District Court for the District of Delaware for the appointment of an arbitrator.

(ii) The Holder and the Company shall each deliver to such investment bank (or arbitrator) (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 24 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5th) Business Day immediately following the date on which the Holder selected such investment bank (the "Dispute Submission Deadline") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "Required Dispute Documentation") (it being understood and agreed that if either the Holder or the Company fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank (or arbitrator) with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank (or arbitrator) prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and the Holder or otherwise requested by such investment bank (or arbitrator), neither the Company nor the Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank (or arbitrator) in connection with such dispute (other than the Required Dispute Documentation).

(iii) The Company and the Holder shall cause such investment bank (or arbitrator) to determine the resolution of such dispute and notify the Company and the Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank (or arbitrator) shall be borne by the losing party, and such investment bank's (or arbitrator's) resolution of such dispute shall be final and binding upon all parties absent manifest error.

(b) Miscellaneous. The Company expressly acknowledges and agrees that (i) this Section 24 constitutes an agreement to arbitrate between the Company and the Holder (and constitutes an arbitration agreement) under § 5701, et seq. of the Delaware Code Title 10) and that both the Company and the Holder are authorized to apply for an order to compel arbitration pursuant to Delaware Code Title 10 § 5703 in order to compel compliance with this Section 24, (ii) the terms of this Note and each other applicable Transaction Document shall serve as the basis for the selected investment bank's resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations, and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Note and any other applicable Transaction Documents, and (iii) nothing in this Section 24 shall limit the Holder or the Company from obtaining any injunctive relief or other equitable remedies (including, without limitation, with respect to any matters described in this Section 24).

25. NOTICES; CURRENCY; PAYMENTS.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 9(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon any adjustment of the Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any grant, issuances, or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder.

(b) Currency. All dollar amounts referred to in this Note are in United States Dollars ("U.S. Dollars"), and all amounts owing under this Note shall be paid in U.S. Dollars.

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by wire transfer of immediately available funds sent in accordance with the Holder's wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day. Any amount of Principal or other amounts due under the Transaction Documents which is not paid when due shall result in a late charge being incurred and payable by the Company in an amount equal to interest on such amount at the rate of eighteen percent (18%) per annum from the date such amount was due until the same is paid in full ("Late Charge").

26. CANCELLATION. After all Principal, accrued Interest, Late Charges and other amounts at any time owed on this Note or any other Transaction Documents have been paid in full or converted, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation, and shall not be reissued.

27. WAIVER OF NOTICE. To the extent permitted by law, the Company hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Securities Purchase Agreement.

28. GOVERNING LAW. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware. Except as otherwise required by Section 25 above, the Company hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and the United States District Court for the District of Delaware for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein (i) shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder or to enforce a judgment or other court ruling in favor of the Holder or (ii) shall limit, or shall be deemed or construed to limit, any provision of Section 25. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY.

29. SEVERABILITY. If any provision of this Note is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid, or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Note so long as this Note as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity, or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid, or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

30. MAXIMUM PAYMENTS. Without limiting Section 9(d) of the Securities Purchase Agreement, nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. If the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Holder and thus refunded to the Company.

31. CERTAIN DEFINITIONS. For purposes of this Note, the following terms shall have the following meanings:

(a) "1933 Act" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "1934 Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "Affiliate" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(d) "Alternate Conversion Price" means, with respect to any Alternate Conversion, the lower of (i) the greater of (A) the Floor Price and (B) 75% of the lowest Closing Bid Price of the Common Stock during the twenty (20) consecutive Trading Days immediately preceding the Event of Default Date and (ii) the greater of (A) the Floor Price and (B) 75% of the quotient of (I) the sum of the five (5) lowest VWAPs of the Common Stock during the twenty (20) consecutive Trading Day period ending and including the applicable Conversion Date divided by (II) five (5) (it being understood and agreed that all such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period).

(e) "Attribution Parties" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company's Common Stock would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(f) "Bloomberg" means Bloomberg, L.P.

(g) "Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

(h) "Change of Control" means any Fundamental Transaction other than (i) any merger of the Company or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the shares of Common Stock in which holders of the Company's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification, or (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or any of its Subsidiaries.

(i) "Change of Control Redemption Premium" means 110%.

(j) "Closing Bid Price" and "Closing Sale Price" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price (as the case may be) then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price (as the case may be) of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 24. All such determinations shall be appropriately adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions during such period.

(k) "Closing Date" shall have the meaning set forth in the Securities Purchase Agreement, which date is the date the Company initially issued Notes pursuant to the terms of the Securities Purchase Agreement.

(l) "Common Stock" means (i) the Company's shares of common stock, par value $0.001 per share, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(m) "Convertible Securities" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(n) "Current Subsidiary" means, other than Excluded Subsidiaries (as defined in the Securities Purchase Agreement), any Person in which the Company on the Subscription Date, directly or indirectly, (i) owns any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person, and all of the foregoing, collectively, "Current Subsidiaries".

(o) "Eligible Market" means The New York Stock Exchange, the NYSE American, the Nasdaq Global Select Market, the Nasdaq Global Market, or the Principal Market.

(p) "Floor Price" means 20% below the closing sale price of a share of the Company's Common Stock on the Principal Market on the Issuance Date (or such lower amount as permitted, from time to time, by the Principal Market), subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations or other similar events.

(q) "Fundamental Transaction" means (A) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 50% of the outstanding shares of Common Stock, (y) 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or Affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (iv) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 50% of the outstanding shares of Common Stock, (y) at least 50% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or Affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 50% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its Common Stock, (B) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock, (y) at least 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock not held by all such Subject Entities as of the date of this Note calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other shareholders of the Company to surrender their shares of Common Stock without approval of the shareholders of the Company or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(r) "GAAP" means United States generally accepted accounting principles, consistently applied.

(s) "Group" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(t) "Holder Pro Rata Amount" means a fraction (i) the numerator of which is the original Principal amount of this Note on the Closing Date and (ii) the denominator of which is the aggregate original principal amount of all Notes issued to the initial purchasers pursuant to the Securities Purchase Agreement on the Closing Date.

(u) "Indebtedness" shall have the meaning ascribed to such term in the Securities Purchase Agreement.

(v) "Investment" means any beneficial ownership (including stock, partnership or limited liability company interests) of or in any Person, or any loan, advance or capital contribution to any Person or the acquisition of all, or substantially all, of the assets of another Person or the purchase of any assets of another Person for greater than the fair market value of such assets.

(w) "Maturity Date" shall mean the date that is twenty-four (24) months after the Issuance Date; provided, however, the Maturity Date may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default shall have occurred and be continuing or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an Event of Default or (ii) through the date that is twenty (20) Business Days after the consummation of a Fundamental Transaction in the event that a Fundamental Transaction is publicly announced or a Change of Control Notice is delivered prior to the Maturity Date, provided further that if a Holder elects to convert some or all of this Note pursuant to Section 3 hereof, and the Conversion Amount would be limited pursuant to Section 3(d) hereunder, the Maturity Date shall automatically be extended until such time as such provision shall not limit the conversion of this Note.

(x) "New Subsidiary" means, as of any date of determination, any Person in which the Company after the Subscription Date, directly or indirectly, (i) owns or acquires any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person, and all of the foregoing, collectively, "New Subsidiaries".

(y) "Options" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(z) "Parent Entity" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(aa) "Person" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(bb) "Price Closing Failure" means, with respect to a particular date of determination, the VWAP of the Common Stock on any Trading Day during the five (5) Trading Day period ending on the Trading Day immediately preceding such date of determination fails to exceed the Floor Price (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions occurring after the Subscription Date). All such determinations to be appropriately adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions during any such measuring period.

(cc) "Principal Market" means The Nasdaq Stock Market.

(dd) "Redemption Notices" means, collectively, the Event of Default Redemption Notices, the Company Optional Redemption Notices, the Subsequent Placement Optional Redemption Notices, and the Change of Control Redemption Notices, and each of the foregoing, individually, a "Redemption Notice."

(ee) "Redemption Premium" means 110%.

(ff) "Redemption Prices" means, collectively, Event of Default Redemption Prices, the Change of Control Redemption Prices, the Subsequent Placement Optional Redemption Prices, and the Company Optional Redemption Prices, and each of the foregoing, individually, a "Redemption Price."

(gg) "Registration Rights Agreement" means that certain registration rights agreement, dated as of the Closing Date, by and among the Company and the initial holders of the Notes relating to, among other things, the registration of the resale of the Common Stock issuable upon conversion of the Notes or otherwise pursuant to the terms of the Notes, as may be amended from time to time.

(hh) "SEC" means the United States Securities and Exchange Commission or the successor thereto.

(ii) "Securities Purchase Agreement" means that certain securities purchase agreement, dated as of the Subscription Date, by and among the Company and the initial holders of the Notes pursuant to which the Company issued the Notes, as may be amended from time to time.

(jj) "Subscription Date" means May 26, 2026

(kk) "Subject Entity" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(ll) "Subsidiaries" means, as of any date of determination, collectively, all Current Subsidiaries and all New Subsidiaries, and each of the foregoing, individually, a "Subsidiary" other than Excluded Subsidiaries, as such term is defined in the Securities Purchase Agreement.

(mm) "Successor Entity" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(nn) "Trading Day" means, as applicable, (x) with respect to all price or trading volume determinations relating to the Common Stock, any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder or (y) with respect to all determinations other than price determinations relating to the Common Stock, any day on which The New York Stock Exchange (or any successor thereto) is open for trading of securities.

(oo) "VWAP" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded), during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg through its "VWAP" function (set to 09:30 start time and 16:00 end time) or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30 a.m., New York time, and ending at 4:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 25. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, recapitalization or other similar transaction during such period.

32. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Note, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Current Report on Form 8-K or otherwise. If the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries. Nothing contained in this Section 32 shall limit any obligations of the Company, or any rights of the Holder, under Section 4(i) of the Securities Purchase Agreement.

33. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company and that the Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that the Holder may freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the Issuance Date set out above.

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION

By: _____
Name: Robert J. Stubblefield
Title: Chief Financial Officer [Interim] Chief Executive Officer & President

EXHIBIT I

SPORTS ENTERTAINMENT GAMING GLOBAL CORP.

CONVERSION NOTICE

Reference is made to the Unsecured Convertible Promissory Note (the "Note") issued to the undersigned by Sports Entertainment Gaming Global Corp., a Delaware corporation (the "Company"). In accordance with and pursuant to the Note, the undersigned hereby elects to convert the Conversion Amount (as defined in the Note) of the Note indicated below into shares of Common Stock, $0.001 par value per share (the "Common Stock"), of the Company, as of the date specified below. Capitalized terms not defined herein shall have the meaning as set forth in the Note.

Date of Conversion: Aggregate Principal to be converted: _____

Aggregate accrued and unpaid Interest and accrued and unpaid Late Charges with respect to such portion of the Aggregate Principal and such Aggregate Interest to be converted: _____

AGGREGATE CONVERSION AMOUNT TO BE CONVERTED: _____

Please confirm the following information:

Conversion Price:

Number of shares of Common Stock to be issued: _____

[Reserved.]

Please issue the Common Stock into which the Note is being converted to Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address: _____

Issue to: _____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant:

DTC Number:

Account Number:

Date: _____ __, _____

Name of Registered Holder

By: _____
Name:
Title:

Tax ID: _____
E-mail Address: _____

Exhibit II

ACKNOWLEDGMENT

The Company hereby (a) acknowledges this Conversion Notice, (b) certifies that the above indicated number of shares of Common Stock [are][are not] eligible to be resold by the Holder either (i) pursuant to Rule 144 (subject to the Holder's execution and delivery to the Company of a customary 144 representation letter) or (ii) an effective and available registration statement and (c) hereby directs to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated , 20 from the Company and acknowledged and agreed to by .

SPORTS ENTERTAINMENT GAMING GLOBAL CORP.

By: _____
Name: Robert J. Stubblefield
Title: Chief Financial Officer

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of May 26, 2026, between SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION, a Delaware corporation (the "Company"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "Purchaser" and collectively, the "Purchasers").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(a)(2) of the Securities Act (as defined below), and/or Rule 506 of Regulation D promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Note (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

"Acquiring Person" shall have the meaning ascribed to such term in Section 4.6.

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Approved Equity Plan" means any employee benefit plan or agreement which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which shares of Common Stock, Options, or other securities of the Company may be issued to any employee, officer, consultant, or director for services provided to the Company in their capacity as such.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York are generally open for use by customers on such day.

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section 2.1(a).

"Closing Date" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities, in each case, have been satisfied or waived.

"Closing Statement" means the Closing Statement in the form on Annex A attached hereto.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Conversion Shares" means the Common Stock issuable upon conversion of the Note.

"Disclosure Time" means, if this Agreement is signed on a day that is not a Trading Day or after 9:00 a.m. (New York City time) and before midnight (New York City time) on any Trading Day, 9:01 a.m. (New York City time) on the Trading Day immediately following the date hereof.

"Effective Date" means the earliest of the date that (a) the initial Registration Statement registering for resale all Conversion Shares has been declared effective by the Commission, (b) all of the Conversion Shares have been sold pursuant to Rule 144 or may be sold pursuant to Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144 and without volume or manner-of-sale restrictions, (c) following the one year anniversary of the Closing Date provided that a holder of Conversion Shares is not an Affiliate of the Company or (d) all of the Conversion Shares may be sold pursuant to an exemption from registration under Section 4(a)(1) of the Securities Act without volume or manner-of-sale restrictions and Company's counsel has delivered to such holders a standing written unqualified opinion that resales may then be made by such holders of the Conversion Shares pursuant to such exemption which opinion shall be in form and substance reasonably acceptable to such holders.

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(s).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Face Value" means the initial principal amount of the Notes equal to up to $4,025,000 in the aggregate, to be issued in three tranches as follows: (i) the Initial Tranche in an aggregate face amount of $3,450,000, and (ii) the Second Tranche in an aggregate face amount of $575,000.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(aa).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(p).

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.1(c).

"Liens" means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(n).

"Maturity Date" means the date that is twenty-four (24) months from the applicable Closing Date of each tranche.

"Note" or "Notes" means the unsecured convertible promissory notes issued hereunder in an initial principal amount equal to the applicable Face Value for each tranche, in the form of Exhibit B hereto.

"Options" means any rights, warrants, or options to subscribe for, purchase, or otherwise acquire shares of Common Stock or Common Stock Equivalents.

"Original Issue Discount" or "OID" means the discount from the Face Value at which each Note is sold to the Purchaser, equal to fifteen percent (15%).

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Public Information Failure" shall have the meaning ascribed to such term in Section 4.3(b).

"Public Information Failure Payments" shall have the meaning ascribed to such term in Section 4.3(b).

"Public Report" shall have the meaning ascribed to such term in Section 3.1.

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.9.

"Registration Rights Agreement" means the Registration Rights Agreement, dated on or about the date hereof, among the Company, and the Purchasers, in the form of Exhibit A attached hereto.

"Registration Statement" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Purchasers of the Conversion Shares.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Securities" means the Note and the Conversion Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shareholder Approval" means such approval as may be required by the applicable rules and regulations of The Nasdaq Stock Market LLC (or any successor entity) from the shareholders of the Company with respect to (i) the issuance of all of the Conversion Shares upon the conversion of the Note in accordance with its terms (including adjustment provisions set forth therein) and (ii) any adjustment to the conversion price in the Note following any stock dividend, stock split or other share combination event.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include locating and/or borrowing shares of Common Stock).

"Subscription Amount" means, as to each Purchaser, the aggregate amount to be paid for the Note purchased hereunder as specified below such Purchaser's name on the signature page of this Agreement and next to the heading "Subscription Amount," in United States dollars and in immediately available funds.

"Subsidiary" means any subsidiary of the Company and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Note, the Registration Rights Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means the transfer agent of the Company, and any successor transfer agent of the Company.

"VWAP" means, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on the Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

ARTICLE 2

PURCHASE AND SALE

2.1 Closings. Subject to the terms and conditions set forth in this Agreement, the Company agrees to sell, and the Purchaser agrees to purchase, unsecured convertible promissory notes in an aggregate face amount of $4,117,647.06 to be issued in one tranche as follows: (i) the Initial Tranche in an aggregate face amount of $3,500,000, to be funded upon execution of the Transaction Documents. The Note shall bear interest at a rate of twelve percent (12%) per annum, shall mature on the Maturity Date, and shall be convertible into shares of Common Stock in accordance with its terms.

With respect to the Initial Tranche, the purchase and sale of the Note (such purchase and sale, a "Closing") shall occur on the first (1st) Business Day following the date of this Agreement (such date, the "Initial Closing Date" or the "Closing Date"). On each Closing Date, the Purchaser shall deliver to the Company, via wire transfer of immediately available funds, the applicable Subscription Amount for such tranche, and the Company shall deliver to the Purchaser the applicable Note, and the Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the applicable Closing.

2.2 Closing Deliveries.

(a) On or prior to the Initial Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) the Registration Rights Agreement duly executed by the Company; and

(iii) the irrevocable letter of instructions to transfer agent, in a form reasonably acceptable to each Purchaser (the "Transfer Agent Instruction") duly executed by the Company and the Transfer Agent establishing a reserve for the Conversion Shares.

(b) On or prior to the Initial Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser;

(ii) the Registration Rights Agreement duly executed by such Purchaser; and

(iii) the Transfer Agent Instruction, duly executed by such Purchaser.

(c) On or prior to each Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) The applicable Note, registered in the name of Purchaser, in the applicable Face Value, duly executed by the Company;

(ii) a legal opinion of Company Counsel, directed to the Purchasers, in a form reasonably acceptable to the Transfer Agent;

(iii) the Company's wire instructions, on Company letterhead and executed by the Chief Executive Officer or Chief Financial Officer;

(iv) a duly executed Officer's Certificate, substantially in the form acceptable to the Purchasers;

(vi) a duly executed Secretary's Certificate, substantially in the form acceptable to the Purchasers; and

(vii) a certificate evidencing the formation and good standing of the Company in the jurisdiction of formation issued by the Secretary of State (or comparable office) of such jurisdiction of formation.

(b) On or prior to each Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the portion of such Purchaser's Subscription Amount applicable to such tranche by wire transfer to the account specified in writing by the Company.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with each Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with each Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement; and

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth in the SEC Reports, the Company hereby makes the following representations and warranties to each Purchaser as of the date hereof and as of each Closing Date:

(a) Subsidiaries. The Company owns, directly or indirectly, all the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) Organization and Qualification. The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation nor default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement.

(i) The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. The Company and the Board of Directors represent and warrant that they have taken all actions necessary to ensure that the execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby will not result in a breach of the fiduciary duties of the members of the Board of Directors. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, anti-dilution or similar adjustments, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Sections 4.5 and 4.7 of this Agreement, (ii) the filing of the Registration Statement with the Commission pursuant to the Registration Rights Agreement, (iii) if required, the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Securities and the listing of the Conversion Shares for trading thereon in the time and manner required thereby, and (iv) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents. The Conversion Shares, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock the maximum number of shares of Common Stock issuable pursuant to this Agreement.

(g) Capitalization. The capitalization of the Company as of the date of this Agreement is substantially as set forth in the SEC Reports. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Securities and except as set forth in the SEC Reports, there are no outstanding options, warrants, scrip rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or the capital stock of any Subsidiary, or contracts, commitments, understandings, or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Share Equivalents or capital stock of any Subsidiary. The issuance and sale of the Securities will not obligate the Company or any Subsidiary to issue shares of Common Stock or other securities to any Person (other than a Purchaser). There are no outstanding securities or instruments of the Company or any Subsidiary with any provision that adjusts the exercise, conversion, exchange, or reset price of such security or instrument upon an issuance of securities by the Company or any Subsidiary. There are no outstanding securities or instruments of the Company or any Subsidiary that contain any redemption or similar provisions, and there are no contracts, commitments, understandings, or arrangements by which the Company or any Subsidiary is or may become bound to redeem a security of the Company or such Subsidiary. The Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. All of the outstanding shares of Common Stock and other shares of capital stock of the Company are duly authorized, validly issued, fully paid, and nonassessable, have been issued in compliance with all applicable securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No approval or authorization of any shareholder, the Board of Directors, or others is required for the issuance and sale of the Securities. There are no shareholders agreements, voting agreements, or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's shareholders other than as disclosed in SEC Reports.

(h) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension, and as of the Closing Date the Company is current on all of its filing obligations under the Securities Act and Exchange Act. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments. Notwithstanding the foregoing, Company has disclosed that it is not current with its Form 10-K for the reporting period ending December 31, 2025 (the "Form 10-K") and its Form 10-Q for the reporting period ending March 31, 2026 (the "Form 10-Q"). Purchaser acknowledges it is aware of Company's failure to timely file the Form 10-K and 10-Q and Purchaser voluntarily enters into this Agreement and the Transaction Documents despite Company's non-compliance with the SEC Reports.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, (i) there has been no event, occurrence or development that has had a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director, consultant, or Affiliate, except pursuant to certain contractual obligations with officers, directors, consultants, or Affiliates or in accordance with the Company's Incentive Plan as amended and approved by Shareholders from time to time. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, prospects, properties, operations, assets or financial condition, that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one Trading Day prior to the date that this representation is made.

(j) Litigation. Except as set forth in the SEC Reports, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action"), in each case that (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect.

(k) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all applicable U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all international, foreign, federal, state and local laws relating to taxes, environmental protection, space, land use, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Environmental Laws. The Company and its Subsidiaries (i) are in compliance with all federal, state, local and foreign laws relating to pollution or protection of human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata), including laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "Hazardous Materials") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands, or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations, issued, entered, promulgated or approved thereunder ("Environmental Laws"); (ii) have received all permits licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where in each clause (i), (ii) and (iii), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(n) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(o) Title to Assets. Except as set forth in the SEC Reports, the Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(p) Intellectual Property. The Company and its Subsidiaries own, or possess adequate rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), copyrights, licenses and other intellectual property rights and similar rights as are material for the conduct of their respective businesses as currently conducted or as currently proposed to be conducted, in each case, as described in the SEC Reports (collectively, the "Intellectual Property Rights"). To the knowledge of the Company, neither the Company nor its Subsidiaries is infringing, and upon commercialization of any product or service described in the SEC Reports, will not infringe on, any valid claim of any issued patents, copyrights or trademarks of others. The Company has no knowledge of any third-party intellectual property rights that would prevent the Company from conducting its business as currently conducted or proposed to be conducted. None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement, except where such action would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Company's products or planned products as described in the SEC Reports violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. To the knowledge of the Company, no employee, consultant or independent contractor of the Company or its Subsidiaries is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non- competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer or independent contractor where the basis of such violation relates to such employee's employment or independent contractor's engagement with the Company or its Subsidiaries or actions undertaken while employed or engaged with the Company or its Subsidiaries. The Company and its Subsidiaries have taken reasonable measures to protect its confidential information and trade secrets of its business and to maintain and safeguard the Company's Intellectual Property Rights, including the execution of appropriate nondisclosure and confidentiality agreements, and to the Company's knowledge, no employee of the Company or its Subsidiaries is in or has been in violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement, or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company or any of its Subsidiaries. All patents and patent applications owned by or licensed to the Company or its Subsidiaries or under which the Company or its Subsidiaries have rights, to the knowledge of the Company, been duly and properly filed and maintained; to the knowledge of the Company, there are no material defects in any of the patents or patent applications disclosed in the SEC Reports as being owned by the Company or its Subsidiaries; to the knowledge of the Company, the parties prosecuting such applications have complied with their duty of candor and disclosure to the United States Patent and Trademark Office (the "USPTO") in connection with such applications; and the Company is not aware of any facts required to be disclosed to the USPTO that were not disclosed to the USPTO and which would preclude the grant of a patent in connection with any such application or could form the basis of a finding of invalidity with respect to any patents that have issued with respect to such applications.

(q) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to $5 million. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(r) Transactions with Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, consultants, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from providing for the borrowing of money from or lending of money to, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of $120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(s) Sarbanes-Oxley; Internal Accounting Controls. The Company's disclosure controls and procedures and internal controls are effective. The Company and the Subsidiaries are in compliance in all material respects with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the Closing Date. Except as set forth in the SEC Reports, the Company and its subsidiaries maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, ...that are designed to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. In designing and evaluating the Company's disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, the Company's management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon 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. Under the supervision and with the participation of our management, the Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of the end of the period covered by the most recently filed Public Report (such date, the "Evaluation Date"). The Company presented in its most recently filed Public Report the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(t) Certain Fees. No brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiaries to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(u) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(v) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(w) Registration Rights. Other than pursuant to the Registration Rights Agreement and as set forth in the SEC Reports, no Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company.

(x) Listing and Maintenance Requirements. The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. Except as set forth in the SEC Reports, the Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. Except as set forth in the SEC Reports, the Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements. The Common Stock is currently eligible for electronic transfer through the Depository Trust Company or another established clearing corporation and the Company is current in payment of the fees to the Depository Trust Company (or such other established clearing corporation) in connection with such electronic transfer.

(y) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(z) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the period commencing on December 1, 2025 through the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(aa) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act which would require the registration of any such securities under the Securities Act.

(bb) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder, (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted, including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements, and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of their liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead them to believe that they will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from each Closing Date. Neither the Company nor any of its subsidiaries are in default with respect to any indebtedness for borrowed money or money due under any long-term leasing or factoring arrangement.

(cc) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(dd) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(ee) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made, offered, promised or authorized any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of FCPA, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act of 2010 of the United Kingdom, or any other anti-bribery or anti- corruption law applicable to the Company and/or its Subsidiaries.

(ff) Accountants. The Company's accounting firm is set forth in the SEC Reports. To the knowledge and belief of the Company, such accounting firm (i) is a registered public accounting firm as required by the Exchange Act and (ii) is expected to express its opinion with respect to the financial statements to be included in the Company's Annual Report for the fiscal years ending December 31, 2025.

(gg) No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(hh) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(ii) No Materially Adverse Contracts, Etc. Except as set forth in the SEC Reports, neither the Company nor any of its Subsidiaries is subject to any charter, corporate, or other legal restriction, or any judgment, decree, order, rule, or regulation which, in the judgment of the Company's officers, has or is expected in the future to have a Material Adverse Effect. Except as set forth in the SEC Reports, neither the Company nor any of its Subsidiaries is a party to any contract or agreement which in the judgment of the Company's officers has or is expected to have a Material Adverse Effect.

(jj) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company.

(kk) Stock Options. No stock option granted under the Company's stock option plan has been backdated. The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(ll) No Conflicts with Sanctions Laws. Neither the Company nor any of its Subsidiaries, directors, officers, or employees, nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its Subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), the United Nations Security Council ("UNSC"), the European Union, His Majesty's Treasury ("HMT") or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Cuba, Iran, North Korea and Syria (each, a "Sanctioned Country"); and the Company will not directly or indirectly use the proceeds of the offering of the Securities hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past five years, the Company and its subsidiaries have not knowingly engaged in and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(mm) Purchaser Holding. It is understood and acknowledged by the Company that, except as set forth in Section 4.1, the Purchaser has not been asked by the Company to agree, nor has the Purchaser agreed, to hold the Securities for any specified term.

(nn) Intentionally omitted.

(oo) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(pp) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any Subsidiary conducts business, the applicable rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

(qq) No Disqualification Events. With respect to the Securities to be offered and sold hereunder in reliance on Rule 506 under the Securities Act, none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person" and, together, "Issuer Covered Persons") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished to the Purchasers a copy of any disclosures provided thereunder.

(rr) Other Covered Persons. The Company is not aware of any person (other than any Issuer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Securities.

(ss) Notice of Disqualification Events. The Company will notify the Purchasers in writing, prior to the Closing Date of (i) any Disqualification Event relating to any Issuer Covered Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person.

(tt) Compliance with Exchange Act and Continued Listing Requirements. (i) The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. The Common Stock is currently eligible for electronic transfer through the Depository Trust Company or another established clearing corporation and the Company is current in payment of the fees of the Depository Trust Company (or such other established clearing corporation) in connection with such electronic transfer. Except as set forth in the SEC Reports, the Company has taken all necessary actions to ensure that it has been and will be in compliance with all applicable corporate governance requirements set forth in the rules of the Nasdaq Stock Market that are in effect.

(uu) Government Audits; Trade Controls. To the knowledge of the Company, there are no outstanding allegations of improper activities arising from any government audit or non-audit review, including without limitation, by the Defense Contract Audit Agency, of the Company or any of its Subsidiaries or work performed by the Company or any of its Subsidiaries that would, individually or in the aggregate, have a Material Adverse Effect. In the past five years, the Company and each of its Subsidiaries has been and is in compliance in all material respects with any applicable United States national customs or export control laws and regulations, including the Export Administration Regulations, the Arms Export Control Act, and the International Traffic in Arms Regulations.

(vv) ERISA. Except as disclosed in the SEC Reports, the Company is not a party to an "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which: (i) is subject to any provision of ERISA and (ii) is or was at any time maintained, administered or contributed to by the Company or any of its ERISA Affiliates (as defined hereafter). These plans are referred to collectively herein as the "Employee Plans." An "ERISA Affiliate" of any person or entity means any other person or entity which, together with that person or entity, could be treated as a single employer under Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the "Code"). Each Employee Plan has been maintained in material compliance with its terms and the requirements of applicable law. No Employee Plan is subject to Title IV of ERISA. The SEC Reports identify each employment, severance or other similar agreement, arrangement or policy and each material plan or arrangement required to be disclosed pursuant to the rules and regulations under the Securities Act and Exchange Act providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, severance benefits, supplemental unemployment benefits, vacation benefits or retirement benefits, or deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights or other forms of incentive compensation, or post-retirement insurance, compensation or benefits, which: (i) is not an Employee Plan; (ii) is entered into, maintained or contributed to, as the case may be, by the Company or any of its ERISA Affiliates; and (iii) covers any officer or director or former officer or director of the Company or any of its ERISA Affiliates. These agreements, arrangements, policies or plans are referred to collectively as "Benefit Arrangements." Each Benefit Arrangement has been maintained in material compliance with its terms and with the requirements of applicable law. Except as disclosed in the SEC Reports, there is no liability in respect of post-retirement health and medical benefits for retired employees of the Company or any of its ERISA Affiliates, other than medical benefits required to be continued under applicable law. No "prohibited transaction" (as defined in either Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Employee Plan; and each Employee Plan that is intended to be qualified under Section 401(a) of the Code is so qualified, and nothing has occurred, whether by action or by failure to act, which could cause the loss of such qualification.

(ww) Privacy and Data Security Laws and Regulations. The Company and the Subsidiaries have established and maintain appropriate technical, physical and organizational measures and security systems and technologies in compliance with all material data security requirements under all applicable laws designed to protect Company data against accidental or unlawful processing in a manner appropriate to the risks represented by the processing of such data by the Company and its data processors, in all material respects. The Company and the Subsidiaries have operated and currently operate their respective businesses in a manner compliant with all applicable foreign, federal, and state data privacy and security laws and regulations, and the Company and the Subsidiaries have in place, comply with, and take appropriate steps reasonably designed to maintain compliance with their policies and procedures related to privacy and data security applicable to the Company's and the Subsidiaries' collection, use, handling, transfer, transmission, storage, disclosure and/or disposal of the data of their respective customers, employees and other third parties (the "Privacy and Data Security Laws") and there has been no non-compliance with such Privacy and Data Security Laws that would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(xx) No Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its SEC Reports and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Such Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), (a)(8), (a)(9), (a)(12), or (a)(13) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation. Such Purchaser is not, to such Purchaser's knowledge, purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or, to the knowledge of such Purchaser, any other general solicitation or general advertisement.

(f) Access to Information. Such Purchaser acknowledges that it has had the opportunity to review the SEC Reports, Transaction Documents and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment.

ARTICLE 4

OTHER AGREEMENTS OF THE PARTIES

4.1 Register; Transfer Agent Instructions; Legend Removal.

(a) The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to each holder of Securities), a register for the Notes in which the Company shall record the name and address of the Person in whose name such Notes have been issued (including the name and address of each transferee), the principal amount of such Notes held by such Person and the number of Conversion Shares issuable pursuant to the terms of such Notes. The Company shall keep the register open and available at all times during business hours for inspection of the Purchasers or their respective legal representatives.

(b) The Company shall issue irrevocable instructions to its transfer agent and any subsequent transfer agent (as applicable, the "Transfer Agent") in a form reasonably acceptable to the Purchasers (the "Irrevocable Transfer Agent Instructions") to issue certificates or credit shares to the applicable balance accounts at The Depository Trust Company ("DTC"), registered in the name of the Purchasers or its respective nominee(s), for the Conversion Shares in such amounts as specified from time to time by such Purchaser to the Company upon conversion of such Note. The Company represents and warrants that it will not give any instructions to its transfer agent that would prevent or delay the issuance of Securities in accordance with the Transfer Agent Instructions or the transfer of the Securities, except for instructions required by applicable law or court order, and that the Securities shall otherwise be freely transferable on the books and records of the Company, as applicable, to the extent provided in this Agreement and the other Transaction Documents. If a Purchaser effects a sale, assignment, or transfer of the Securities in accordance with Section 4.1(c), the Company shall permit the transfer and shall promptly instruct its transfer agent to issue one or more certificates or credit shares to the applicable balance accounts at DTC in such name and in such denominations as specified by such Purchaser to effect such sale, transfer or assignment. If such sale, assignment, or transfer involves Conversion Shares sold, assigned, or transferred pursuant to an effective registration statement or in compliance with Rule 144, the transfer agent shall issue such shares to such Purchaser, assignee or transferee (as the case may be) without any restrictive legend in accordance with Section 4.1(e) below. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 4.1(b) will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 4.1(b), that the Purchasers shall be entitled, in addition to all other available remedies, to an order or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required. The Company shall cause its counsel to issue the legal opinion referred to in the Irrevocable Transfer Agent Instructions to the Company's transfer agent on each date that an applicable Registration Statement has been declared effective by the SEC. Any fees (with respect to the transfer agent, counsel to the Company or otherwise) associated with the issuance of such opinion or the removal of any legends on any of the Securities shall be borne by the Company.

(c) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and the Registration Rights Agreement and shall have the rights and obligations of a Purchaser under this Agreement and the Registration Rights Agreement.

(d) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCI8SABLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that a Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker- dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and, if required under the terms of such arrangement, such Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities, including, if the Securities are subject to registration pursuant to the Registration Rights Agreement, the preparation and filing of any required prospectus supplement under Rule 424(b)(3) under the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of Selling Stockholders (as defined in the Registration Rights Agreement) thereunder.

(e) Certificates evidencing the Conversion Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) while a registration statement (including the Registration Statement) covering the resale of such security is effective under the Securities Act, (ii) following any sale of such Conversion Shares pursuant to Rule 144, (iii) if such Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Conversion Shares and without volume or manner-of-sale restrictions or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent or the Purchaser promptly after the Effective Date if required by the Transfer Agent to effect the removal of the legend hereunder, or if requested by a Purchaser, respectively. If counsel to the Company fails to provide a legal opinion reasonably satisfactory to the Transfer Agent within one (1) Trading Day of the Transfer Agent's request or such Purchaser's request, as applicable, such Purchaser shall have the right to provide an opinion of counsel selected by such Purchaser and reasonably acceptable to the Transfer Agent, the reasonable cost of which shall be borne by the Company. If such Conversion Shares may be sold under Rule 144 and the Company is then in compliance with the current public information required under Rule 144 (or if the Conversion Shares may be sold under Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Conversion Shares) or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Securities shall be issued free of all legends. The Company agrees that following the Effective Date or at such time as such legend is no longer required under this Section 4.1(c), it will, no later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Conversion Shares, as the case may be, issued with a restrictive legend (such date, the "Legend Removal Date"), deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this ARTICLE 4. Certificates for Securities subject to legend removal hereunder shall be transmitted by the Transfer Agent to the Purchaser by crediting the account of the Purchaser's prime broker with the Depository Trust Company System as directed by such Purchaser. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of a certificate representing Conversion Shares issued with a restrictive legend.

(f) In addition to such Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, (i) as partial liquidated damages and not as a penalty, for each $1,000 of Conversion Shares (based on the VWAP of the Common Stock on the date such Securities are submitted to the Transfer Agent) delivered for removal of the restrictive legend and subject to Section 4.1(c), $10 per Trading Day (increasing to $20 per Trading Day five (5) Trading Days after such damages have begun to accrue) for each Trading Day after the Legend Removal Date until such certificate is delivered without a legend and (ii) if the Company fails to (a) issue and deliver (or cause to be delivered) to a Purchaser by the Legend Removal Date a certificate representing the Securities so delivered to the Company by such Purchaser that is free from all restrictive and other legends and (b) if after the Legend Removal Date such Purchaser purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Purchaser of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock that such Purchaser anticipated receiving from the Company without any restrictive legend, then, an amount equal to the excess of such Purchaser's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including brokerage commissions and other out-of-pocket expenses, if any) (the "Buy-In Price") over the product of (A) such number of Conversion Shares that the Company was required to deliver to such Purchaser by the Legend Removal Date multiplied by (B) the lowest closing sale price of the Common Stock on any Trading Day during the period commencing on the date of the delivery by such Purchaser to the Company of the applicable Conversion Shares and ending on the date of such delivery and payment under this clause (ii).

(g) Each Purchaser, severally and not jointly with the other Purchasers, agrees with the Company that such Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company's reliance upon this understanding.

(h) Notwithstanding any other provision in the Transaction Documents or any other agreement by the parties, as a condition to the Purchaser's rights and restrictions under the Transaction Documents, Holder agrees to execute and deliver a lock-up agreement (each, a "Lock-Up Agreement") in form and substance reasonably acceptable to the Alumni Capital, LP ("Alumni"), pursuant to which each Holder agrees to be bound by the following restrictions for the forty-five (45) calendar day period commencing on the Registration Statement Effectiveness Date (the "Lock-Up Period"): during the Lock-Up Period, each Holder shall not, directly or indirectly, (i) offer, sell, contract to sell, pledge, hypothecate, grant any option to purchase, make any short sale, or otherwise transfer or dispose of any Holder's Securities or any securities convertible into or exchangeable for Holder's Securities, (ii) enter into any swap, hedge, or other arrangement that transfers to another person any of the economic consequences of ownership of the Holder's Securities, or (iii) publicly announce any intention to do any of the foregoing, in each case whether settled by delivery of Common Stock or other securities, in cash, or otherwise, without the prior written consent of the Alumni (which consent may be withheld in the Alumni's sole discretion). The Company shall deliver executed Lock-Up Agreements from all Holders to the Alumni no later than five (5) business days prior to the anticipated Registration Statement Effectiveness Date.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Securities pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 Furnishing of Information; Public Information.

(a) Until no Purchaser owns Securities, the Company covenants to use commercially reasonable efforts to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

(b) At any time during the period commencing from the six (6) month anniversary of the date hereof and ending at such time that all of the Securities may be sold without the requirement for the Company to be in compliance with Rule 144(c)(1) and otherwise without restriction or limitation pursuant to Rule 144, if the Company (i) shall fail for any reason to satisfy the current public information requirement under Rule 144(c) or (ii) has ever been an issuer described in Rule 144 (i)(1)(i) or becomes an issuer in the future, and the Company shall fail to satisfy any condition set forth in Rule 144(i)(2) (a "Public Information Failure") then, in addition to such Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, by reason of any such delay in or reduction of its ability to sell the Securities, an amount in cash equal to one percent (1.0%) of the Subscription Amount of such Purchaser's Securities on the day of a Public Information Failure and on every thirtieth (30th) day (pro rated for periods totaling less than thirty days) thereafter until the earlier of (a) the date such Public Information Failure is cured and (b) such time that such public information is no longer required for the Purchasers to transfer the Conversion Shares pursuant to Rule 144, subject to a maximum of five percent (5.0%) of the Subscription Amount of such Purchaser's Securities. The payments to which a Purchaser shall be entitled pursuant to this Section 4.3(b) are referred to herein as "Public Information Failure Payments." Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred and (ii) the third (3rd) Business Day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments in a timely manner, such Public Information Failure Payments shall bear interest at the rate of 1.5% per month (prorated for partial months) until paid in full. Nothing herein shall limit such Purchaser's right to pursue actual damages for the Public Information Failure, and such Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction, other than the Shareholder Approval.

4.5 Securities Laws Disclosure; Publicity. The Company shall (a) by the Disclosure Time, issue a press release disclosing the material terms of the transactions contemplated hereby, and (b) file a Current Report on Form 8-K, including the Transaction Documents as exhibits thereto, with the Commission within the time required by the Exchange Act. From and after the issuance of such press release, the Company represents to the Purchasers that it shall have publicly disclosed all material, non-public information delivered to any of the Purchasers by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees, Affiliates or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the issuance of such press release, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, employees, Affiliates, or agents including, without limitation, the Purchasers or any of their Affiliates, shall terminate. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. The Company and each Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of each Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except (a) as required by federal securities law in connection with (i) any registration statement contemplated by the Registration Rights Agreement and (ii) the filing of final Transaction Documents with the Commission and (b) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clause (b).

4.6 Shareholder Rights Plan. No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Purchaser is an "Acquiring Person" under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchasers.

4.7 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, which shall be disclosed pursuant to Section 4.5, the Company covenants and agrees that neither it, nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto such Purchaser shall have consented to the receipt of such information and agreed with the Company to keep such information confidential. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. To the extent that the Company, any of its Subsidiaries, or any of their respective officers, director, agents, employees or Affiliates delivers any material, non-public information to a Purchaser without such Purchaser's consent, the Company hereby covenants and agrees that such Purchaser shall not have any duty of confidentiality to the Company, any of its Subsidiaries, or any of their respective officers, directors, agents, employees or Affiliates, or a duty to the Company, any of its Subsidiaries or any of their respective officers, directors, agents, employees or Affiliates not to trade on the basis of, such material, non- public information, provided that the Purchaser shall remain subject to applicable law. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.8 Use of Proceeds. Except as set forth in the SEC Reports, the Company shall use the net proceeds from the sale of the Securities hereunder for working capital purposes and for strategic investments and acquisitions and for the redemption of any Common Stock or Common Stock Equivalents and shall not use such proceeds for the settlement of any outstanding litigation or in violation of FCPA or OFAC regulations.

4.9 Indemnification of Purchasers.

(a) Subject to the provisions of this Section 4.9 the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs, awards, orders, penalties and expenses, including all judgments, amounts paid in settlements, court costs, interest and attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (i) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents, (ii) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by the Company, its employees or directors, or any stockholder or creditor of the Company who is not an Affiliate of such Purchaser Party, arising out of or relating to any of the transactions contemplated by the Transaction Documents, or (iii) any Claim brought or made against a Purchaser Party by a third party (including for these purposes a derivative action brought on behalf of the Company or any Subsidiary) or which otherwise involves such Purchaser Party that arises out of or results from (A) the execution, delivery, performance, or enforcement of any of the Transaction Documents, (B) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, or (C) the status of the Purchaser or holder of the Securities either as an investor in the Company pursuant to the transactions contemplated by the Transaction Documents or as a party to this Agreement (including, without limitation, as a party in interest or otherwise in any Action for injunctive or other equitable relief).

(b) For the avoidance of doubt, the indemnification provided herein is intended to and shall cover direct claims brought by the Company against the Purchaser Parties. If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and, except with respect to direct claims brought by the Company, the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel, which shall be the case with respect to any direct claims by the Company. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is finally judicially determined to be attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law

4.10 Reservation of Common Stock. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue Conversion Shares.

4.11 Listing of Common Stock. The Company shall: (i) in the time and manner required by the principal Trading Market, prepare and file with such Trading Market an additional shares listing application covering a number of shares of Common Stock on the date of such application for the Conversion Shares, (ii) take all steps necessary to cause such shares of Common Stock to be approved for listing or quotation on such Trading Market and (iii) provide to the Purchasers evidence of such listing or quotation and (iv) until no Purchaser owns Securities, use commercially reasonable efforts to maintain the listing or quotation of such Common Stock on such date on such Trading Market or another Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application all of the Conversion Shares, and will take such other action as is necessary to cause all of the Conversion Shares to be listed or quoted on such other Trading Market as promptly as possible. Until no Purchaser owns Securities, the Company will then take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will use commercially reasonable efforts to comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. Until no Purchaser owns Securities, the Company agrees to maintain the eligibility of the Common Stock for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.

4.12 No Shorting. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it nor any of its Affiliates will directly or indirectly engage in any open market Short Sales of Common Stock, any "naked" Short Sales of Common Stock, or otherwise engage in any transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's equity securities during the period commencing with the execution of this Agreement and ending at such time that such Purchaser no longer owns any Notes or Conversion Shares. For the purposes hereof, and in accordance with Regulation SHO, (a) the sale within one (1) Trading Day prior to delivery of a Conversion Notice of such number of Common Shares reasonably expected to be purchased under such Conversion Notice shall not be deemed a Short Sale, and (b) the sale of Conversion Shares after delivery of a Conversion Notice but prior to actual delivery of the Conversion Shares under such Conversion Notice shall not be deemed a Short Sale.

4.14 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of the Transaction Documents unless the same consideration is also offered to all of the parties to such Transaction Documents. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.15 Certain Transactions and Confidentiality. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it, nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales, of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.5. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.5, such Purchaser will maintain the confidentiality of the existence and terms of this transaction, subject to any disclosure requirements under applicable law or regulatory requirements. Notwithstanding the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Company expressly acknowledges and agrees that (i) no Purchaser makes any representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.5, (ii) no Purchaser shall be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.5 and (iii) no Purchaser shall have any duty of confidentiality or duty not to trade in the securities of the Company to the Company or its Subsidiaries, or any of their respective officers, directors, employees, Affiliates or agent after the issuance of the initial press release as described in Section 4.5. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement.

4.16 Intentionally omitted.

4.17 Exercise Procedures. The form of Notice of Conversion included in the Note set forth the totality of the procedures required of the Purchasers in order to exercise their conversion rights. No additional legal opinion, other information or instructions shall be required of the Purchasers to exercise their conversion rights under the Note. Without limiting the preceding sentences, no ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required in order to exercise such conversion rights. The Company shall honor the conversion of the Note and shall deliver Conversion Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.18 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

4.19 Subsequent Registrations. If as result of an SEC staff policy, rule, or regulation or for any other reason, the Company is unable to register all of the Purchasers' Registrable Securities (as defined in the Registration Rights Agreement), then upon the earlier of (i) 30 days (or such earlier time as is permitted by the Staff of the SEC or any rule of the SEC) after any Resale Registration Statement filed pursuant to the Registration Rights Agreement is declared effective by the SEC, or (ii) when the registered but not resold shares of Common Stock fall below 50% of the amount covered by the effective Resale Registration Statement(s), the Company shall file another Resale Registration Statement including all of the remaining Registrable Securities of the Purchaser and comply with the terms and conditions set forth in the Registration Rights Agreement.

4.20 Corporate Existence. The Company shall, until such time as the Purchasers no longer beneficially own any of the Securities, maintain its corporate existence and shall not sell all or substantially all of the Company's assets, except in the event of a merger or consolidation or sale of all or substantially all of the Company's assets, where the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the Transaction Documents and (ii) is a publicly traded corporation whose common stock is listed for trading or quotation on the Principal Market, any tier of the Nasdaq Stock Market, the New York Stock Exchange, or the NYSE MKT.

4.21 No Broker-Dealer Acknowledgement. Absent a final adjudication from a court of competent jurisdiction stating otherwise, the Company shall not, to any Person, institution, governmental, or other entity, state, claim, allege, or in any way assert, that (a) the Purchaser is currently, or ever has been, a broker or dealer under the Exchange Act, or (b) is currently, or ever has been, required to register as a broker or dealer under the Exchange Act.

ARTICLE 5

MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by: (a) any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties, or (b) by the Company upon written notice to the Purchasers, if the Closing has not been consummated on or before the fifth (5th) Trading Day following the date hereof, provided, however, that no such termination will affect the right of any party to sue for any breach by any other party (or parties).

5.2 Fees and Expenses. Neither Company nor Purchasers shall be responsible to reimburse the other party for any costs or expenses incurred by it or its affiliates in connection with the structuring, documentation, negotiation and such applicable Closing and in connection with the registration, filing, or qualification pursuant to the Registration Rights Agreement, including, without limitation, as applicable, all reasonable legal fees of outside counsel or any other reasonable fees and expenses in connection with the structuring, documentation, negotiation and closing of the transactions contemplated by the Transaction Documents and due diligence and regulatory filings in connection therewith) (the "Transaction Expenses"). Notwithstanding the foregoing, the Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any conversion or exercise notice delivered by a Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment at the email address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed by the Company and Purchasers which purchased at least 50.1% in interest of the Securities based on the initial Subscription Amounts hereunder (or, prior to the Closing, the Company and each Purchaser); provided that if any amendment, modification, supplement or waiver disproportionately and adversely impacts a Purchaser (or group of Purchasers), the consent of such disproportionately impacted Purchaser (or group of Purchasers) shall also be required. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any amendment, supplement, modification or waiver effected in accordance with this Section 5.5 shall be binding upon each Purchaser and holder of Securities and the Company.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than by merger). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.9 and this Section 5.8.

5.9 Governing Law. This Agreement and each of the Transaction Documents will be deemed to have been made and delivered in the State of Delaware, and the binding provisions of this Agreement, the Transaction Documents, and the transactions contemplated hereby, will be governed as to validity, interpretation, construction, effect and in all other respects by the internal laws of the State of Delaware, without regard to the conflict of laws principles thereof. Each of the Parties: (i) agrees that any legal suit, Action or Proceeding arising out of or relating to Agreement and/or the transactions contemplated hereby will be instituted exclusively in the Chancery Court of the State of Delaware and the United States District Court for the District of Delaware, (ii) irrevocably waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, (iii) irrevocably waives, and agrees not to assert in any Action or Proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such action or proceeding is improper or is an inconvenient venue for such Action or Proceeding, and (iv) irrevocably consents to the exclusive jurisdiction of the Chancery Court of the State of Delaware and the United States District Court for the District of Delaware in any such suit, action or proceeding, waiving any, and consenting not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action, or proceeding is brought in an inconvenient forum or that the venue of such suit, action, or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such Action or Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If any party shall commence an Action or Proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.9, the prevailing party in such Action or Proceeding shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Action or Proceeding.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

5.14 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any Action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any Proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. For reasons of administrative convenience only, each Purchaser and its respective counsel have chosen to communicate with the Company. The legal counsel of the Company does not represent any of the Purchasers and only represents the Company. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by any of the Purchasers. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and a Purchaser, solely, and not between the Company and the Purchasers collectively and not between and among the Purchasers.

5.18 Liquidated Damages. The Company's obligations to pay any partial liquidated damages, fees, commissions, or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.19 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.20 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.21 **Dispute Resolution**.

(a) Disputes Regarding Certain Defined Terms.

(i) In the case of a dispute relating to the Buy-In Price or VWAP (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing) (a "Certain Defined Term Dispute"), the Company or the Purchaser (as the case may be) shall submit the Certain Defined Term Dispute to the other party via facsimile or electronic mail within five (5) Business Days after the party learned of the circumstances giving rise to such dispute. If the Purchaser and the Company are unable to promptly resolve such Certain Defined Term Dispute, at any time after the second (2nd) Business Day following such initial notice by the Company or the Purchaser (as the case may be) of such dispute to the Company or the Purchaser (as the case may be), then the Company and the Purchaser may select an independent, reputable investment bank as mutually agreed upon to resolve such dispute. If the Parties cannot agree upon such an investment bank within ten (10) Business Days of the date of the initial notice, the Parties shall submit the dispute pursuant to Section 5.21(b).

(ii) Such Purchaser and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the above and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5th) Business Day immediately following the date on which such investment bank was selected (the "Dispute Submission Deadline") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "Required Dispute Documentation") (it being understood and agreed that if either the Purchaser or the Company fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and the Purchaser or otherwise requested by such investment bank, neither the Company nor the Purchaser shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation).

(iii) The Company and the Purchaser shall cause such investment bank to determine the resolution of such dispute and notify the Company and the Purchaser of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be borne by the losing party, and such investment bank's resolution of such dispute shall be final and binding upon all Parties. The terms of this Agreement, each other applicable Transaction Document, and the Required Dispute Documentation shall serve as the basis for the selected investment bank's resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Agreement and any other applicable Transaction Documents.

(iv) Both the Company and the Purchaser expressly acknowledge and agree that (i) this Section 5.21(a) constitutes an agreement to arbitrate between the Company and the Purchaser (and constitutes an arbitration agreement) under § 5701, et seq. of the Delaware Code Title 10 with respect to the dispute described in Section 5.21 and that both the Company and the Purchaser are authorized to apply for an order to compel arbitration pursuant to Delaware Code Title 10 § 5703 in order to compel compliance with this Section 5.21.

(b) Jurisdiction; Waiver of Jury Trial. Subject to Section 5.2q(a), each party hereby irrevocably submits that any dispute, controversy, or claim arising out of or relating to this Agreement or any Transaction Document (including whether any such dispute is arbitrable), shall be submitted to the exclusive jurisdiction of the Chancery Court of the State of Delaware and the United States District Court for the District of Delaware. Each party hereby irrevocably waives, and agrees not to assert in any suit, action, or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action, or proceeding is brought in an inconvenient forum or that the venue of such suit, action, or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action, or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. **EACH PARTY KNOWINGLY AND** INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND EXPRESSLY WAIVES FOREVER ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY. The Company and the Purchaser agree that all dispute resolution proceedings in accordance with this Section 5.21 may be conducted in a virtual setting.

(c) Prevailing Party Attorneys' Fees. If any party shall commence an Action to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.9, the prevailing party in such Action shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Action..

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION

By: _____
Name: Robert J. Stubblefield

Title: Chief Financial Officer [Interim]
Chief Executive Officer & President

Address for Notice:

Sports Entertainment Gaming Global Corporation
5049 Edwards Ranch Rd., 4th Floor Fort Worth, Texas 76109

Email:
robert.stubblefield.seggmedia.com

Attention: Robert J. Stubblefield

With a copy to (which shall not constitute notice):

Amar Ali Law, PLLC
5656 N Central Expy., # 401
Dallas, TX 75206-0952
Email: amar@amarali.law

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
[signature page for Purchaser follows]

PURCHASER SIGNATURE PAGES TO
SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION
SECURITIES PURCHASE AGREEMENT

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: Amorua Global, Inc.

Signature of Authorized Signatory of Purchaser:

Name of Authorized Signatory: Brian Lee

Title of Authorized Signatory: President

Email Address of Authorized Signatory: brian@amorua.dev

Address for Notice to Purchaser: 200 Hampton Lane, Key Biscayne, FL 33149

Address for Delivery of Securities to Purchaser (if not same as address for notice):

Subscription Amount: $3,500,000

EIN Number: 46-2209553

*Signature of Authorized Signatory of Purchaser:*_____
Name of Authorized Signatory: Brian Lee
Title of Authorized Signatory: President

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of May 26, 2026, between Sports Entertainment Gaming Global Corporation, a Delaware corporation (the "Company"), and each of the purchasers signatory hereto (each such purchaser, a "Purchaser" and, collectively, the "Purchasers").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof, between the Company and each Purchaser (the "Purchase Agreement").

The Company and each Purchaser hereby agree as follows:

ARTICLE 1

DEFINITIONS.

Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 6.3.

"Effectiveness Date" means, with respect to the Initial Registration Statement required to be filed hereunder, the 45th calendar day following the date hereof (or, in the event of a "full review" by the Commission, the 75th calendar day following the date hereof), with respect to any Subsequent Tranche Registration Statement, the 45th calendar day following the Closing Date of such Subsequent Tranche (as defined in the Securities Purchase Agreement) (or, in the event of a "full review" by the Commission, the 75th calendar day following the Closing Date of such Subsequent Tranche), and with respect to any additional Registration Statements which may be required pursuant to Section 2.3 or Section 3.3, the 45th calendar day following the date on which an additional Registration Statement is required to be filed hereunder (or, in the event of a "full review" by the Commission, the 75th calendar day following the date such additional Registration Statement is required to be filed hereunder); provided, however, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day, and provided further, however, that if the Commission is closed following the Filing Date, in part or in full, for operations due to a government shutdown, the applicable Effectiveness Date shall be extended by the same amount of days that the Commission remains closed for operations following the Filing Date.

"Effectiveness Period" shall have the meaning set forth in Section 2.1.

"Event" shall have the meaning set forth in Section 2.4.

"Event Date" shall have the meaning set forth in Section 2.4.

"Filing Date" means, (i) with respect to the Initial Registration Statement required hereunder, the 30th Business Day following the date hereof (ii) with respect to any Subsequent Tranche Registration Statement, the 30th Business Day following the Closing Date of such Subsequent Tranche, and (iii) with respect to any additional Registration Statements which may be required pursuant to Section 2.3 or Section 3.3, the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5.3.

"Indemnifying Party" shall have the meaning set forth in Section 5.3.

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement registering the resale of the shares of Common Stock issuable upon conversion of the Initial Tranche, the Second Tranche, and the Third Tranche (each, as defined in the Securities Purchase Agreement).

"Losses" shall have the meaning set forth in Section 5.1.

"Plan of Distribution" shall have the meaning set forth in Section 2.1.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means, as of any date of determination, subject in all respects to the provisos set forth below, (a) all Conversion Shares, and (b) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; and provided further, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) for so long as (a) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the Commission under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (b) such Registrable Securities have been previously sold in accordance with Rule 144, or (c) such securities become eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities and any securities issuable upon, exercise, conversion or exchange of which, or as a dividend upon which, such securities were issued or are issuable, were at no time held by any Affiliate of the Company,), as reasonably determined by the Company, upon the advice of counsel to the Company.

"Registration Statement" means any registration statement required to be filed hereunder pursuant to Section 2.1 and any additional registration statements contemplated by Section 2.3 or Section 3.3, including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Selling Stockholder Questionnaire" shall have the meaning set forth in Section 3.1.

"SEC Guidance" means (i) any publicly-available written or oral guidance of the Commission staff, or any comments, requirements or requests of the Commission staff and (ii) the Securities Act.

"Subsequent Tranche Registration Statement" means a Registration Statement filed pursuant to this Agreement registering the resale of the shares of Common Stock issuable upon conversion of any Subsequent Tranche.

ARTICLE 2

REGISTRATION.

2.1 On or prior to each Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement filed hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith, subject to the provisions of Section 2.6) and shall contain (unless otherwise directed by at least 85% in interest of the Holders) substantially the "Plan of Distribution" attached hereto as Annex A and substantially the "Selling Stockholder" section attached hereto as Annex B; provided, however, that no Holder shall be required to be named as an "underwriter" without such Holder's express prior written consent. Subject to the terms of this Agreement, the Company shall use its commercially reasonable efforts to cause a Registration Statement filed under this Agreement (including, without limitation, under Section 3.3) to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the applicable Effectiveness Date, and shall use its commercially reasonable efforts to keep such Registration Statement continuously effective under the Securities Act until the date that all Registrable Securities covered by such Registration Statement (i) have been sold, thereunder or pursuant to Rule 144, or (ii) may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Transfer Agent and the affected Holders (the "Effectiveness Period"). The Company shall telephonically request effectiveness of a Registration Statement as of 5:00 p.m. (New York City time) on a Trading Day. The Company shall immediately notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. (New York City time) on the Trading Day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424. Failure to so notify the Holder within one (1) Trading Day of such notification of effectiveness or failure to file a final Prospectus as foresaid shall be deemed an Event under Section 2.4.

2.2 Notwithstanding the registration obligations set forth in Section 2.1, if the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Initial Registration Statement or a Subsequent Tranche Registration Statement, as applicable, as required by the Commission, covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-3 or such other form available to register for resale the Registrable Securities as a secondary offering, subject to the provisions of Section 2.6; with respect to filing on Form S-3 or other appropriate form, and shall not be subject to payment of liquidated damages hereunder with respect to any cut back shares; provided, however, that prior to filing such amendment, the Company shall be obligated to use reasonable efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09.

2.3 Notwithstanding any other provision of this Agreement and subject to the payment of liquidated damages pursuant to Section 2.4, if the Commission or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used reasonable efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced as follows

(a) First, the Company shall reduce or eliminate any securities to be included other than Registrable Securities; and

(b) the Company shall reduce Registrable Securities represented by Conversion Shares (applied, in the case that some Conversion Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Conversion Shares held by such Holders).

In the event of a cutback hereunder, the Company shall give the Holder at least five (5) Trading Days prior written notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement or a Subsequent Tranche Registration Statement, as applicable, in accordance with the foregoing, the Company will use its commercially reasonable efforts to file with the Commission, as promptly as allowed by the Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-3 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement or a Subsequent Tranche Registration Statement, as applicable, each as amended.

2.4 If: (i) the Initial Registration Statement or a Subsequent Tranche Registration Statement, as applicable, is not filed on or prior to its Filing Date (if the Company files the Initial Registration Statement or a Subsequent Tranche Registration Statement, as applicable, without affording the Holders the opportunity to review and comment on the same as required by Section 3.1 herein or the Company subsequently withdraws the filing of such Registration Statement, the Company shall be deemed to have not satisfied this clause (i)), or (ii) the Company fails to file with the Commission a request for acceleration of a Registration Statement in accordance with Rule 461 promulgated by the Commission pursuant to the Securities Act, within five (5) Trading Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be "reviewed" or will not be subject to further review, or (iii) prior to the effective date of a Registration Statement, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the Commission in respect of such Registration Statement within ten (10) calendar days after the receipt of comments by or notice from the Commission that such amendment is required in order for such Registration Statement to be declared effective, or (iv) a Registration Statement registering for resale all of the Registrable Securities is not declared effective by the Commission by the Effectiveness Date of the Initial Registration Statement or a Subsequent Tranche Registration Statement, as applicable, (provided that, if the Registration Statement does not allow for the resale of Registrable Securities at prevailing market prices (i.e., only allows for fixed price sales), the Company shall have been deemed to have not satisfied this clause), or (v) after the effective date of a Registration Statement, such Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such Registration Statement during the Effectiveness Period, or the Holders are otherwise not permitted to utilize the Prospectus therein to resell such Registrable Securities other than due to an Allowed Delay, for more than ten (10) consecutive calendar days or more than an aggregate of fifteen (15) calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach being referred to as an "Event", and for purposes of clauses (i) and (iv), the date on which such Event occurs, and for purpose of clause (ii) the date on which such five (5) Trading Day period is exceeded, and for purpose of clause (iii) the date which such ten (10) calendar day period is exceeded, and for purpose of clause (v) the date on which such ten (10) or fifteen (15) calendar day period, as applicable, is exceeded being referred to as "Event Date"), then, in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each weekly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, equal to the product of 0.5% multiplied by the aggregate Subscription Amount paid by such Holder pursuant to the Purchase Agreement, provided that in no event shall the aggregate liquidated damages exceed fifteen percent (15%) of the applicable Subscription Amount; provided further that no liquidated damages shall be payable if and to the extent to, despite best efforts by the Company to avoid a breach hereof, the Company's failure was caused by, and/or related to, a partial or full government shutdown resulting in the Commission's inability to timely review or declare effective the Registration Statement or if as a result of SEC Guidance, the Company is unable to include certain Registrable Securities in the Registration Statement until receiving Shareholder Approval. If the Company fails to pay any partial liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 12% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event.

2.5 Notwithstanding anything herein to the contrary, the Company may suspend the use of any Prospectus included in any Registration Statement contemplated by this Section in the event that the Company determines in good faith that such suspension is necessary to delay the disclosure of material non-public information concerning the Company, the disclosure of which at the time is not, in the good faith opinion of the Company, in the best interests of the Company (an "Allowed Delay"); provided, that the Company shall promptly (a) notify each Purchaser in writing of the commencement of and the reasons for an Allowed Delay, but shall not (without the prior written consent of a Purchaser) disclose to such Purchaser any material non-public information giving rise to an Allowed Delay, (b) advise the Purchasers in writing to cease all sales under the Registration Statement until the end of the Allowed Delay and (c) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable. The Company shall be entitled to exercise its right under this Section 2.5 to suspend the availability of a Registration Statement and Prospectus for a period not to exceed 20 calendar days (which need not be consecutive days) in any six-month period.

2.6 If Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the Commission.

2.7 Notwithstanding anything to the contrary contained herein, in no event shall the Company be permitted to name any Holder or affiliate of a Holder as any Underwriter without the prior written consent of such Holder.

ARTICLE 3

REGISTRATION PROCEDURES.

In connection with the Company's registration obligations hereunder, the Company shall:

3.1 Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than three (3) Trading Days prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than five (5) Trading Days after the Holders have been so furnished copies of a Registration Statement or three (3) Trading Days after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex B (a "Selling Stockholder Questionnaire") on a date that is not less than two (2) Trading Days prior to the Filing Date or by the end of the fourth (4^{th}) Trading Day following the date on which such Holder receives draft materials in accordance with this Section.

3.2 (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that, the Company shall excise any information contained therein which would constitute material non-public information regarding the Company or any of its Subsidiaries), and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

3.3 If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable, but in any case prior to the applicable Filing Date, an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

3.4 Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one (1) Trading Days prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed, (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement, and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus; provided, however, that in no event shall any such notice contain any information which would constitute material, non-public information regarding the Company or any of its Subsidiaries, and the Company agrees that the Holders shall not have any duty of confidentiality to the Company or any of its Subsidiaries and shall not have any duty to the Company or any of its Subsidiaries not to trade on the basis of such information.

3.5 Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

3.6 Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission, provided that any such item which is available on the EDGAR system (or successor thereto) need not be furnished in physical form.

3.7 Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3.4.

3.8 Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

3.9 If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

3.10 Upon the occurrence of any event contemplated by Section 3.4, as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3.4 above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3.10 to suspend the availability of a Registration Statement and Prospectus, subject to the payment of partial liquidated damages otherwise required pursuant to Section 2.4, for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12-month period.

3.11 Otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission under the Securities Act and the Exchange Act, including, without limitation, Rule 172 under the Securities Act, file any final Prospectus, including any supplement or amendment thereof, with the Commission pursuant to Rule 424 under the Securities Act, promptly inform the Holders in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Holders are required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder.

3.12 The Company shall use its commercially reasonable efforts to maintain eligibility for use of Form S-3 (or any successor form thereto) for the registration of the resale of Registrable Securities.

3.13 The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three Trading Days of the Company's request, any liquidated damages that are accruing at such time as to such Holder only shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company.

ARTICLE 4

REGISTRATION EXPENSES.

All fees and expenses incident to the performance of or compliance with, this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, and (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

Notwithstanding the foregoing, any such expenses must be approved by the Company's Chief Financial Officer in advance of being incurred.

ARTICLE 5

INDEMNIFICATION.

5.1 Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3.4(iii)-(vi), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6.3. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders in accordance with Section 6.6.

5.2 Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus or (ii) to the extent, but only to the extent, that such information relates to such Holder's information provided in the Selling Stockholder Questionnaire or the proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto. In no event shall the liability of a selling Holder be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such Holder in connection with any claim relating to this ARTICLE 5 and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue statement or omission) received by such Holder upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

5.3 Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof, provided that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party, provided that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder.

5.4 Contribution. If the indemnification under Section 5.1 or 5.2 is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5.4 were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. In no event shall the contribution obligation of a Holder of Registrable Securities be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such Holder in connection with any claim relating to this ARTICLE 5 and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

ARTICLE 6

MISCELLANEOUS.

6.1 Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

6.2 Piggyback on Registrations. The Company or any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than the Registrable Securities. The Company may file any other registration statements until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, and this Section 6.2 shall not prohibit the Company from filing amendments to registration statements filed prior to the date of this Agreement so long as no new securities are registered on any such existing registration statements.

6.3 Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3.4(iii) through 3.4 such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2.4.

6.4 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of 50.1% or more of the then outstanding Registrable Securities (for purposes of clarification, this includes any Registrable Securities issuable upon exercise or conversion of any Security), provided that, if any amendment, modification or waiver disproportionately and adversely impacts a Holder (or group of Holders), the consent of such disproportionately impacted Holder (or group of Holders) shall be required. If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder or some Holders and that does not directly or indirectly affect the rights of other Holders may be given only by such Holder or Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6.4. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

6.5 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

6.6 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under Section 5.7 of the Purchase Agreement.

6.7 No Inconsistent Agreements. Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Company has not previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

6.8 Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a PDF format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or PDF signature page were an original thereof.

6.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

6.10 Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

6.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

6.12 Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

6.13 Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement or any other matters, and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or transactions. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained was solely in the control of the Company, not the action or decision of any Holder, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Holder. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

****

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

SPORTS ENTERTAINMENT GAMING GLOBAL CORPORATION

By: _____
Name: Robert J. Stubblefield
Title: Chief Financial Officer [Interim]
Chief Executive Officer & President

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS]

Name of Holder: Amorua Global, Inc.
Signature of Authorized Signatory of Holder: _____
Name of Authorized Signatory: Brian Lee
Title of Authorized Signatory: President

[SIGNATURE PAGES CONTINUE]

ANNEX A

Plan of Distribution

Each Selling Stockholder (the "Selling Stockholders") of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the principal Trading Market or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per security;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell securities under Rule 144 or any other exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2121; and in the case of a principal transaction a markup or markdown in compliance with FINRA Rule 2121.

The Selling Stockholders may enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities.

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the securities. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the securities may be resold by the Selling Stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

ANNEX B

SELLING SHAREHOLDERS

The common stock being offered by the selling shareholders are those issuable to the selling shareholders upon conversion of the Notes. For additional information regarding the issuances of those shares of common stock and Notes*, see "Private Placement of Notes" above*. We are registering the shares of common stock in order to permit the selling shareholders to offer the shares for resale from time to time. Except for the ownership of the shares of common stock and the Notes, the selling shareholders have not had any material relationship with us within the past three years.

The table below lists the selling shareholders and other information regarding the beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder) of the shares of common stock held by each of the selling shareholders. The second column lists the number of shares of common stock beneficially owned by each selling shareholder, based on its ownership of the shares of common stock and Notes, as of March [ ], 2026, assuming conversion of the Notes held by the selling shareholder on that date, without regard to any limitations on conversion set forth therein.

The third column lists the shares of common stock being offered by this prospectus by the selling shareholders.

In accordance with the terms of a registration rights agreement with the selling shareholders, this prospectus generally covers the resale of the (i) the maximum number of shares of common stock issued or issuable upon conversion of the Notes, including payment of interest on the Notes through [DATE], determined as if the outstanding Notes (including interest on the Notes through [DATE]) were converted in full (without regard to any limitations on conversion contained therein solely for the purpose of such calculation). Because the conversion price of the Notes, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

Under the terms of the Notes, a selling shareholder may not convert any such Notes to the extent such conversion or exercise would cause such selling shareholder, together with its affiliates and attribution parties, to beneficially own a number of shares of common stock which would exceed 4.99% or 9.99%, as applicable, of our then outstanding common stock following such conversion, excluding for purposes of such determination shares of common stock issuable upon conversion of such Notes which have not been converted. The number of shares in the second and fourth columns do not reflect this limitation. The selling shareholders may sell all, some or none of their shares in this offering. *See "Plan of Distribution."*

Name of Selling Shareholder	Number of shares of Common Stock Owned Prior to Offering	Maximum Number of shares of Common Stock to be Sold Pursuant to this Prospectus	Number of shares of Common Stock Owned After Offering

Selling Stockholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the "Registrable Securities") of Sports Entertainment Gaming Global Corporation, a Delaware corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

PURCHASER QUESTIONNAIRE

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

1. Name.

(a) Full Legal Name of Purchaser

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

_____

2. Address for Notices to Purchaser:

_____

_____

_____

Telephone: _____
Email: _____
Contact Person: _____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Purchaser.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

The undersigned agrees to promptly notify the Company of any material inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective; provided, that the undersigned shall not be required to notify the Company of any changes to the number of securities held or owned by the undersigned or its affiliates.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

_____

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date: _____ Purchaser: _____

By: _____
Name: _____
Title: _____

PLEASE EMAIL A PDF COPY OF THE COMPLETED AND EXECUTED QUESTIONNAIRE TO:

Exhibit 10.88

CONFIDENTIAL

THE ISSUANCE AND SALE OF THIS SECURITY AND THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, THIS SECURITY AND THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES. THE PRINCIPAL AMOUNT REPRESENTED BY THIS NOTE AND, ACCORDINGLY, THE SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE LESS THAN THE AMOUNTS SET FORTH ON THE FACE HEREOF PURSUANT TO SECTION 3(c)(iii) OF THIS NOTE.

LOTTERY.COM INC.

SENIOR UNSECURED CONVERTIBLE NOTE

Issuance Date: October 29, 2025 **Original Principal Amount: U.S. $500,000.00**

FOR VALUE RECEIVED, Lottery.com Inc., a Delaware corporation (the "**Company**"), hereby promises to pay to **DISRUPT INVESTMENTS LIMITED**, located at: <REDACTED> or its registered assigns ("**Holder**") the amount set forth above as the Original Principal Amount (as reduced pursuant to the terms hereof pursuant to conversion or otherwise, the "**Principal**") when due, whether upon the Maturity Date, (as defined below) or upon conversion or upon acceleration and to pay the outstanding Principal set forth above as the Issuance Date (the "**Issuance Date**") until the same becomes due and payable, whether upon the Maturity Date or upon conversion (in each case in accordance with the terms hereof). This Senior Unsecured Convertible Note (including all Senior Unsecured Convertible Notes issued in exchange, transfer or replacement hereof is hereinafter referred to as this "**Note**".

1. PAYMENTS OF PRINCIPAL. Subject to the Holder's Right to Conversion in Section 3(d) of this Note, upon the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal, accrued and unpaid Late Charges (as defined in Section 18(c)) on such Principal ("**Payoff**"). Notwithstanding anything herein to the contrary, with respect to any, repayment or conversion hereunder, as applicable, the Company shall repay or convert, as applicable, First, all accrued and unpaid Late Charges on any Principal hereunder and all other amounts owed to the Holder under any other Transaction Document, Second, all Principal outstanding hereunder.

2. INTEREST; INTEREST RATE.

(a) This Note shall bear no interest, cash, default or otherwise.

3. CONVERSION OF THE NOTE. At any time after the Issuance Date, this Note shall be convertible into validly issued, fully paid and non-assessable shares of Common Stock, on the terms and conditions set forth in this Section 3.

(a) Conversion Right. Subject to the provisions of Section 3(d), at any time or times on or after the Issuance Date up to the Maturity Date, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into validly issued, fully paid and non-assessable shares of Common Stock in accordance with Section 3(c), at the Conversion Rate (as defined below). The Company shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer, stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent) that may be payable with respect to the issuance and delivery of Common Stock upon conversion of any Conversion Amount.

(b) Conversion Rate. The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to Section 3(a) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the "**Conversion Rate**").

(i) "**Conversion Amount**" means the sum of (A) the portion of the Principal of this Note to be converted, (B) accrued and unpaid Late Charges with respect to such Principal of this Note.

(ii) "**Conversion Price**" means Ninety Four percent (94%) of the Closing Price on the Issuance Date. As of today's date, October 29, 2025, the closing price was $4.37 US, **Conversion Price is: $4.10 US.**

(iii) **Six-Month True-Up Adjustment to Conversion Price; Floor Price; Force Conversion**

(a) "Six-Month Measurement Period" means the period commencing on the Issuance Date and ending at 4:00:00 p.m., New York time, on the date that is one hundred eighty (180) days after the Issuance Date (or, if such date is not a Trading Day, the next succeeding Trading Day) (the "True-Up Date").

(b) “Measurement Price” means the volume weighted average price (as reported by the Principal Market) of the Common Stock for the five (5) consecutive Trading Days immediately preceding, and including, the

True-Up Date.

(c) “Floor Price” means **$3.75 U**S per share (as adjusted for any stock dividend, stock split, stock combination, reclassification or other similar transaction after the Issuance Date).

(d) True-Up Adjustment. Notwithstanding anything to the contrary in this Note, on the True-Up Date the Conversion Price then in effect shall be adjusted, effective as of the close of trading on the True-Up Date, to the lower of (x) the Conversion Price then in effect immediately prior to such adjustment and (y) ninety-four percent (94%) of the Measurement Price; provided, that in no event shall the Conversion Price be adjusted to an amount less than the Floor Price (the “True-Up Conversion Price”).

(e) Company Optional Forced Conversion at Six-Month Date. Notwithstanding anything to the contrary herein, on the date that is one hundred eighty (180) days after the Issuance Date the Company may, in its sole discretion, elect to convert all, or any portion thereof, of the then-outstanding and unpaid Conversion Amount into validly issued, fully paid and non-assessable shares of Common Stock at the Conversion Rate then in effect, by delivering to the Holder a written notice of forced conversion (a “Forced Conversion Notice”) on or prior to the Six-Month Date. The Forced Conversion Notice shall specify (i) the date on which such forced conversion shall be effective, which shall be the Six-Month Date or thereafter, and (ii) the applicable Conversion Amount.

(c) Mechanics of Conversion

(i) Optional Conversion. To convert any Conversion Amount into shares of Common Stock on any date (a "**Conversion Date**"), the Holder shall deliver (whether via electronic mail or otherwise), for receipt on or prior to 11:59 p.m., New York time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit I (each, a "**Conversion Notice**") to the Company. If required by Section 3(c)(iii), within four (4) Trading Days following a conversion of this Note as aforesaid, the Holder shall surrender this Note to a nationally recognized overnight delivery service for delivery to the Company (or an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction as contemplated by Section 13(a)). On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice, the Company shall transmit by electronic mail an acknowledgment, in the form attached hereto as Exhibit II, of confirmation of receipt of such Conversion Notice and representation as to whether such shares of Common Stock may then be resold pursuant to Rule 144 under the Securities Act ("**Rule 144**") by a Person (as defined below) that is not an affiliate (as defined in Rule 144 as in effect on the Issuance Date) of the Company, and that has not been an affiliate (as defined in Rule 144 as in effect on the Issuance Date) of the Company during the three months immediately preceding such date, or an effective and available registration statement (each, an "**Acknowledgement**") to the Holder and the Transfer Agent which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein. On or before the second (2nd) Trading Day following the date on which the Company has received a Conversion Notice (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade initiated on the applicable Conversion Date of such shares of Common Stock issuable pursuant to such Conversion Notice) (the "**Share Delivery Deadline**"), the Company shall (1) provided that the Company's transfer agent (the "**Transfer Agent**") is participating in the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program ("**FAST**"), credit such aggregate number of shares of Common Stock to which the Holder shall be entitled pursuant to such conversion to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system or (2) if the Transfer Agent is not participating in FAST, upon the request of the Holder, issue and deliver (via reputable overnight courier) to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled pursuant to such conversion. If this Note is physically surrendered for conversion pursuant to Section 3(c)(iii) and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall as soon as reasonably practicable and in no event later than four (4) Business Days after receipt of this Note and at its own expense, issue and deliver to the Holder (or its designee) a new Note (in accordance with Section 13(d)) representing the outstanding Principal not converted. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(ii) Company's Failure to Timely Convert (I) If the Company shall fail, for any reason, on or prior to the applicable Share Delivery Deadline, if the Transfer Agent is not participating in FAST, to issue and deliver to the Holder (or its designee) a certificate for the number of shares of Common Stock to which the Holder is entitled or if the Transfer Agent is participating in FAST, to credit the balance account of the Holder or the Holder's designee with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion of this Note (as the case may be) or if the shares of Common Stock that are the subject of the Conversion Notice is not available (the "**Unavailable Conversion Shares**") and the Company fails to promptly deliver the shares to which the Holder is entitled pursuant to such conversion to the Holder's (or its designee's) account with DTC through its Deposit/Withdrawal At Custodian system (the event described in the immediately foregoing clause (II) is hereinafter referred as a "**Notice Failure**" and together with the event described in clause (I) above, a "**Conversion Failure**"), then, in addition to all other remedies available to the Holder, (1) the Company shall pay in cash to the Holder on each day after such Share Delivery Deadline that the issuance of such shares of Common Stock is not timely effected an amount equal to 2% of the product of (A) the sum of the number of shares of Common Stock not issued to the Holder on or prior to the Share Delivery Deadline and to which the Holder is entitled, multiplied by (B) any trading price of the Common Stock selected by the Holder in writing as in effect at any time during the period beginning on the applicable Conversion Date and ending on the applicable Share Delivery Deadline and (2) the Holder, upon written notice to the Company, may void its Conversion Notice with respect to, and retain or have returned (as the case may be) any portion of this Note that has not been converted pursuant to such Conversion Notice, provided that the voiding of a Conversion Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 3(c)(ii) or otherwise. In addition to the foregoing, if on or prior to the Share Delivery Deadline, if the Transfer Agent is not participating in FAST, the Company shall fail to issue and deliver to the Holder (or its designee) a certificate and register such shares of Common Stock on the Company's share register or, if the Transfer Agent is participating in FAST, the Transfer Agent shall fail to credit the balance account of the Holder or the Holder's designee with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion hereunder or pursuant to the Company's obligation pursuant to clause (II) below or a Notice Failure occurs, and if on or after such Share Delivery Deadline the Holder acquires (in an open market transaction, stock loan or otherwise) shares of Common Stock corresponding to all or any portion of the number of shares of Common Stock issuable upon such conversion that the Holder is entitled to receive from the Company and has not received from the Company in connection with or as a result of, such Conversion Failure, then, in addition to all other remedies available to the Holder, the Company shall, within ten (10) Business Days after receipt of the Holder's request and in the Holder's discretion, either: (I) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions, stock loan costs and other out-of-pocket expenses, if any) for the shares of Common Stock so acquired (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company's obligation to so issue and deliver such certificate (and to issue such shares of Common Stock) or credit the balance account such Holder or such Holder's designee, as applicable, with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (II) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such shares of Common Stock or credit the balance account of such Holder or such Holder's designee, as applicable, with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's conversion hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (x) such number of shares of Common Stock multiplied by (y) the lowest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (II). Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance with respect to the Company's failure to timely deliver certificates representing shares of Common Stock (or to electronically deliver such shares of Common Stock) upon the conversion of this Note as required pursuant to the terms hereof.

(iii) Registration; Book-Entry The Company shall maintain a register (the "**Register**") for the recordation of the name and address of the holder of the Note and the principal amount of the Note held by such holder (the "**Registered Note**"). The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Company and the holder of the Note shall treat each Person whose name is recorded in the Register as the owner of the Note for all purposes (including, without limitation, the right to receive payments of Principal hereunder) notwithstanding notice to the contrary. A Registered Note may be assigned, transferred or sold in whole or in part only by registration of such assignment or sale on the Register. Upon its receipt of a written request to assign, transfer or sell all or part of any Registered Note by the holder thereof, the Company shall record the information contained therein in the Register and issue one or more new Registered Notes in the same aggregate principal amount as the principal amount of the surrendered Registered Note to the designated assignee or transferee pursuant to Section 13, provided that if the Company does not so record an assignment, transfer or sale (as the case may be) of all or part of any Registered Note within four (4) Business Days of such a request, then the Register shall be automatically deemed updated to reflect such assignment, transfer or sale (as the case may be). Notwithstanding anything to the contrary set forth in this Section 3, following conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted (in which event this Note shall be delivered to the Company following conversion thereof as contemplated by Section 3(c)(i)) or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principaland Late Charges converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion. If the Company does not update the Register to record such Principaland Late Charges converted and/or paid (as the case may be) and the dates of such conversions and/or payments (as the case may be) within four (4) Business Days of such occurrence, then the Register shall be automatically deemed updated to reflect such occurrence.

(d) Limitations on Conversions.

(i) Beneficial Ownership. The Company shall not effect the conversion of any portion of this Note, and the Holder shall not have the right to convert any portion of this Note pursuant to the terms and conditions of this Note and any such conversion shall be null and void and treated as if never made, to the extent that after giving effect to such conversion, the Holder together with the other Attribution Parties collectively would beneficially own in excess of 4.99% (the "**Maximum Percentage**") of the shares of Common Stock outstanding immediately after giving effect to such conversion. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by the Holder and the other Attribution Parties shall include the number of shares of Common Stock held by the Holder and all other Attribution Parties plus the number of shares of Common Stock issuable upon conversion of this Note with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon (A) conversion of the remaining, nonconverted portion of this Note beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 3(d)(i). For purposes of this Section 3(d)(i), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act. For purposes of determining the number of outstanding shares of Common Stock the Holder may acquire upon the conversion of this Note without exceeding the Maximum Percentage, the Holder may rely on the number of outstanding shares of Common Stock as reflected in the most recent of (x) the Company's Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other public filing with the SEC, as the case may be, (y) public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of shares of Common Stock outstanding (the "**Reported Outstanding Share Number**"). If the Company receives a Conversion Notice from the Holder at a time when the actual number of outstanding shares of Common Stock is less than the Reported Outstanding Share Number, the Company shall notify the Holder in writing of the number of shares of Common Stock then outstanding and, to the extent that such Conversion Notice would otherwise cause the Holder's beneficial ownership, as determined pursuant to this Section 3(d)(i), to exceed the Maximum Percentage, the Holder must notify the Company of a reduced number of shares of Common Stock to be purchased pursuant to such Conversion Notice. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of shares of Common Stock to the Holder upon conversion of this Note results in the Holder and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding shares of Common Stock (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which the Holder's and the other Attribution Parties' aggregate beneficial ownership exceeds the Maximum Percentage (the "**Excess Shares**") shall be deemed null and void and shall be cancelled ab initio, and the Holder shall not have the power to vote or to transfer the Excess Shares. Upon delivery of a written notice to the Company, the Holder may from time to time increase (with such increase not effective until the sixty-first (61st) day after delivery of such notice) or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that (i) any such increase in the Maximum Percentage will not be effective until the sixty-first (61st) day after such notice is delivered to the Company and (ii) any such increase or decrease will apply only to the Holder and the other Attribution Parties and not to any other holder of Notes that is not an Attribution Party of the Holder. For purposes of clarity, the shares of Common Stock issuable pursuant to the terms of this Note in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to convert this Note pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 3(d)(i) to the extent necessary to correct this paragraph (or any portion of this paragraph) which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 3(d)(i) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Note.

(ii) Compliance with Rules of Trading Market.

1) Exchange Cap. Notwithstanding anything herein to the contrary, if the Company has not obtained any required shareholder approval, then the Company may not issue, upon conversion of this Note or otherwise, a number of shares of Common Stock, which, when aggregated with any shares of Common Stock issued in connection with any other related transactions that may be considered part of the same series of transactions, would exceed the Exchange Cap.

4. RIGHTS UPON EVENT OF DEFAULT.

(a) Event of Default. Each of the following events shall constitute an "**Event of Default**" and each of the events in clauses (v), (v), (vi) and (vii) shall constitute a "**Bankruptcy Event of Default**":

(i) the suspension from trading or the failure of the Common Stock to be trading or listed (as applicable) on an Eligible Market for a period of five (5) consecutive Trading Days;

(ii) the Company's (A) failure to cure a Conversion Failure or a delivery failure of the required number of shares of Common Stock within five (5) Trading Days after the applicable Conversion Date or (B) notice, written or oral, to the Holder of the Note, including, without limitation, by way of public announcement or through any of its agents, at any time, of its intention not to comply, as required, with a request for conversion of the Notes into shares of Common Stock that is requested in accordance with the provisions of the Note, other than pursuant to Section 3(d);

(iii) the Company's failure to timely pay to the Holder any amount of Principal Late Charges or other amounts when and as due under this Note except, in the case of a failure to pay Late Charges when and as due, in which case only if such failure remains uncured for a period of at least ten (10) Trading Days;

(iv) the Company fails to remove any restrictive legend on any certificate or any shares of Common Stock issued to the Holder upon conversion or exercise (as the case may be) of any securities acquired by the Holder under any Transaction Document as and when required by such securities or the such Transaction Document, unless otherwise then prohibited by applicable federal securities laws, and any such failure remains uncured for at least ten (10) Trading Days;

(v) bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company by a third party, shall not be dismissed within ninety (90) days of their initiation;

(vi) the commencement by the Company of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree, order, judgment or other similar document in respect of the Company in an involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal, state or foreign law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due, the taking of corporate action by the Company in furtherance of any such action or the taking of any action by any Person to commence a Uniform Commercial Code foreclosure sale or any other similar action under federal, state or foreign law;

(vii) the entry by a court of (i) a decree, order, judgment or other similar document in respect of the Company of a voluntary or involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or (ii) a decree, order, judgment or other similar document adjudging the Company as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation, reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable federal, state or foreign law or (iii) a decree, order, judgment or other similar document appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Subsidiary or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree, order, judgment or other similar document or any such other decree, order, judgment or other similar document unstayed and in effect for a period of ninety (90) consecutive days;

(viii) a final judgment or judgments for the payment of money aggregating in excess of $10,000,000 are rendered against the Company and/or any of its Subsidiaries and which judgments are not, within thirty (30) days after the entry thereof, bonded, discharged, settled or stayed pending appeal, or are not discharged within thirty (30) days after the expiration of such stay; provided, however, any judgment which is covered by insurance or an indemnity from a credit worthy party shall not be included in calculating the $10,000,000 amount set forth above so long as the Company provides the Holder a written statement from such insurer or indemnity provider (which written statement shall be reasonably satisfactory to the Holder) to the effect that such judgment is covered by insurance or an indemnity and the Company or such Subsidiary (as the case may be) will receive the proceeds of such insurance or indemnity within thirty (30) days of the issuance of such judgment;

(ix) the Company either (i) fails to pay, when due, or within any applicable grace period, any payment with respect to any Indebtedness for borrowed money in excess of $2,000,000 due to any third party (other than, with respect to unsecured Indebtedness only, payments contested by the Company and/or such Subsidiary (as the case may be) in good faith by proper proceedings and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP) or is otherwise in breach or violation of any agreement for borrowed monies owed or owing in an amount in excess of $2,000,000, which breach or violation permits the other party thereto to declare a default or otherwise accelerate amounts due thereunder, or (ii) suffer to exist any other circumstance or event that would, with or without the passage of time or the giving of notice, result in a default or event of default under any agreement binding the Company, which default or event of default would or is likely to have a material adverse effect on the business, assets, operations (including results thereof), liabilities, properties, condition (including financial condition) or prospects of the Company or any of its Subsidiaries, individually or in the aggregate;

(b) Notice of an Event of Default; Acceleration Right. Upon actual knowledge by the Company of the occurrence of an Event of Default that is continuing with respect to this Note, the Company shall within five (5) Business Day deliver written notice thereof via electronic mail or overnight courier (with next day delivery specified) (an "**Event of Default Notice**") to the Holder. An Event of Default Notice shall include: (I) a reasonable description of the applicable Event of Default, (II) a certification as to whether, in the opinion of the Company, such Event of Default is capable of being cured and, if applicable, a reasonable description of any existing plans of the Company to cure such Event of Default, and (III) a certification as to the date the Event of Default occurred, and, if cured on or prior to the date of such Event of Default Notice, the date of such cure. At any time after the earlier of the Holder's receipt of an Event of Default Notice and the Holder becoming aware of an Event of Default and providing Notice to the Company of such Event of Default (such earlier date, the "**Event of Default Right Commencement Date**") and ending (such ending date, the "**Event of Default Right Expiration Date**", and each such period, an "**Event of Acceleration Right Period**") on the thirtieth (30^{th}) Trading Day after the later of (x) the date such Event of Default is cured and (y) the Holder's receipt of an Event of Default Notice, the Holder may require acceleration of (unless such Event of Default has been cured on or prior to the Event of Default Right Expiration Date) all or any portion of this Note by delivering written notice thereof (the "**Event of Default Acceleration Notice**") to the Company which Event of Default Acceleration Notice shall indicate the portion of this Note the Holder is electing to accelerate. Any acceleration of this Note upon an Event of Default shall constitute an election of remedies by the Holder, and all other rights and remedies of the Holder shall be waived.

(c) Mandatory Acceleration upon Bankruptcy Event of Default. Notwithstanding anything to the contrary herein, and notwithstanding any conversion that is then required or in process, upon any Bankruptcy Event of Default, whether occurring prior to or following the Maturity Date, the Company shall immediately pay to the Holder an amount in cash representing (i) all outstanding Principal and accrued and unpaid Late Charges on such Principal and Late Charges, in addition to any and all other amounts due hereunder, without the requirement for any notice or demand or other action by the Holder or any other person or entity, provided that the Holder may, in its sole discretion, waive such right to receive payment upon a Bankruptcy Event of Default, in whole or in part, and any such waiver shall not affect any other rights of the Holder hereunder, including any other rights in respect of such Bankruptcy Event of Default, any right to conversion as applicable.

5. RIGHTS UPON FUNDAMENTAL TRANSACTION.

(a) Assumption. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity (if other than the Company) assumes in writing all of the obligations of the Company under this Note in accordance with the provisions of this Section 5(a) pursuant to written agreements in form and substance satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to the Holder of the Note in exchange for such Note a security of the Successor Entity (if other than the Company) evidenced by a written instrument substantially similar in form and substance to the Note, including, without limitation, having a principal amount equal to the principal amounts then outstanding on the Note held by such Holder, having similar conversion rights as the Note and having a similar ranking to the Note, and satisfactory to the Holder and (ii) the Successor Entity (or Parent Entity, as applicable) (if other than the Company) is a publicly traded corporation whose common stock (or equivalent) is quoted on or listed for trading on an Eligible Market. Upon the occurrence of any Fundamental Transaction, the Successor Entity (if other than the Company) shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note referring to the "Company" shall refer instead to the Successor Entity (if other than the Company)), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of a Fundamental Transaction, the Successor Entity (if other than the Company) shall deliver to the Holder confirmation that there shall be issued upon conversion or acceleration of this Note at any time after the consummation of such Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property (except such items still issuable under Section 9 and 10, which shall continue to be receivable thereafter)) issuable upon the conversion or acceleration of the Note prior to such Fundamental Transaction, such shares of the publicly traded common stock (or their equivalent) of the Successor Entity (or Parent Entity, as applicable) (if other than the Company) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Note been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of this Note), as adjusted in accordance with the provisions of this Note. Notwithstanding the foregoing, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 5(a) to permit the Fundamental Transaction without the assumption of this Note. The provisions of this Section 5 shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion of this Note.

(b) Notice of a Change of Control; Acceleration Right No later than ten (10) Trading Days prior to the consummation of a Change of Control (the "**Change of Control Date**"), but not prior to the public announcement of such Change of Control, the Company shall deliver written notice thereof via electronic mail or overnight courier to the Holder (a "**Change of Control Notice**"). At any time during the period beginning after the Holder's receipt of a Change of Control Notice or the Holder becoming aware of a Change of Control if a Change of Control Notice is not delivered to the Holder in accordance with the immediately preceding sentence (as applicable) and ending on thirty (30) Trading Days after the later of (A) the date of consummation of such Change of Control, or (B) the date of receipt of such Change of Control Notice or (C) the date of the public announcement of such Change of Control, the Holder may require the Company to satisfy all or any portion of this Note by delivering written notice thereof ("**Change of Control Acceleration Notice**") to the Company, which Change of Control Acceleration Notice shall indicate the amount of this Note the Holder is electing to accelerate

6. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its charter, bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of the Holder of this Note. Without limiting the generality of the foregoing or any other provision of this Note, the Company (a) shall not increase the par value of any shares of Common Stock receivable upon conversion of this Note above the Conversion Price then in effect, and (b) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of this Note. Notwithstanding anything herein to the contrary, if after the sixty (60) calendar day anniversary of the Issuance Date, the Holder is not permitted to convert this Note in full for any reason (other than pursuant to restrictions set forth in Section 3(d) hereof), the Company shall use its best efforts to promptly remedy such failure, including, without limitation, obtaining such consents or approvals as necessary to permit such conversion into shares of Common Stock.

7. RESERVATION OF AUTHORIZED SHARES.

(a) Reservation. So long as the Note remains outstanding, the Company shall at all times reserve at least 150% of the number of shares of Common Stock as shall from time to time be necessary to effect the conversion of the Note then outstanding (including Principal) (the "**Required Reserve Amount**").

(b) Insufficient Authorized Shares. If, notwithstanding Section 12(a), and not in limitation thereof, at any time while of the Note remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon conversion of the Note at least a number of shares of Common Stock equal to the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for the Note then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. In the event that the Company is prohibited from issuing shares of Common Stock pursuant to the terms of this Note due to the failure by the Company to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the "**Authorized Failure Shares**"), in lieu of delivering such Authorized Failure Shares to the Holder, the Company shall pay cash in exchange for such portion of the Conversion Amount convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorized Failure Shares and (y) the greatest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date the Holder delivers the applicable Conversion Notice with respect to such Authorized Failure Shares to the Company and ending on the date of such issuance and payment under this Section 7(a); and (ii) to the extent the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of Authorized Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith.

8. VOTING RIGHTS. The Holder shall have no voting rights as the holder of this Note, except as required by law (including, without limitation, the Delaware General Corporation Law) and as expressly provided in this Note.

9. COVENANTS. Until all the Note has been converted or otherwise satisfied in accordance with their terms:

(a) Rank. All payments due under this Note shall be senior in right of payment to all unsecured Indebtedness of the Company.

(b) Restriction on Redemption and Cash Dividends. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, redeem, repurchase or declare or pay any cash dividend or distribution on any of its capital stock, except (i) with respect to any capital stock of a wholly-owned Subsidiary owned by the Company or another wholly-owned Subsidiary of the Company, and (ii) so long as no Event of Default has occurred and is continuing or would result therefrom, redeem or repurchase capital stock of present and former employees, officers, directors or consultants (or their family members or trusts or other entities for the benefit of any of the foregoing) or make severance payments to such Persons in connection with the death, disability or termination of employment or consultancy of any such officer, employee, director or consultant, in each case, in the ordinary course of business at no greater than the market price of such securities.

(c) Restriction on Transfer of Assets. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, sell, lease, license, assign, transfer, spin-off, split-off, close, convey or otherwise dispose of all or substantially all of its assets or rights of the Company or any Subsidiary owned or hereafter acquired whether in a single transaction or a series of related transactions, other than (i) sales, leases, licenses, assignments, transfers, conveyances and other dispositions of such assets or rights by the Company and its Subsidiaries in the ordinary course of business consistent with its past practice, (ii) sales of inventory and product in the ordinary course of business, and (iii) sales, leases, licenses, assignments, transfers, conveyances and other dispositions of assets or rights by the Company and its Subsidiaries, in arms-length transactions with non-affiliates for fair value, the net proceeds of which are used within 180 calendar days after the receipt of such net proceeds (1) for acquisitions of assets to be used in the Company' s business, (2) for investments in the Company's assets or (3) to satisfy all, or a portion of, the Notes in accordance with Section of this Agreement.

(d) Change in Nature of Business. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, engage in any material line of business substantially different from those lines of business conducted by or publicly contemplated to be conducted by the Company and each of its Subsidiaries on the Issuance Date or any business substantially related or incidental thereto. The Company shall not, and the Company shall cause each of its Subsidiaries to not, directly or indirectly, modify its or their corporate structure or purpose.

(e) Preservation of Existence, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its existence, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(f) Maintenance of Properties, Etc. The Company shall maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply, and cause each of its Subsidiaries to comply, at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder.

(g) Maintenance of Intellectual Property. The Company will, and will cause each of its Subsidiaries to, take all action necessary or advisable to maintain all of the intellectual property rights of the Company and/or any of its Subsidiaries that are necessary or material to the conduct of its business in full force and effect.

(h) Maintenance of Insurance. The Company shall maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations (including, without limitation, comprehensive general liability, hazard, rent and business interruption insurance) with respect to its properties (including all real properties leased or owned by it) and business, in such amounts and covering such risks as is required by any governmental authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated.

(i) Transactions with Affiliates. The Company shall not, nor shall it permit any of its Subsidiaries to, enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any affiliate, except transactions in the ordinary course of business in a manner and to an extent consistent with past practice and necessary or desirable for the prudent operation of its business, for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an affiliate thereof.

(j) Stay, Extension and Usury Laws. To the extent that it may lawfully do so, the Company (A) agrees that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law (wherever or whenever enacted or in force) that may affect the covenants or the performance of this Note; and (B) expressly waives all benefits or advantages of any such law and agrees that it will not, by resort to any such law, hinder, delay or impede the execution of any power granted to the Holder by this Note, but will suffer and permit the execution of every such power as though no such law has been enacted.

(k) Taxes. The Company and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related penalties) now or hereafter imposed or assessed against the Company and its Subsidiaries or their respective assets or upon their ownership, possession, use, operation or disposition thereof or upon their rents, receipts or earnings arising therefrom (except where the failure to pay would not, individually or in the aggregate, have a material effect on the Company or any of its Subsidiaries). The Company and its Subsidiaries shall file on or before the due date therefor all personal property tax returns (except where the failure to file would not, individually or in the aggregate, have a material effect on the Company or any of its Subsidiaries). Notwithstanding the foregoing, the Company and its Subsidiaries may contest, in good faith and by appropriate proceedings, taxes for which they maintain adequate reserves therefor in accordance with GAAP.

10. DISTRIBUTION OF ASSETS. In addition to any the restrictions provided in this Note, if the Company shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to any or all holders of shares of Common Stock, by way of return of capital or otherwise (including without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (the "**Distributions**"), then the Holder will be entitled to such Distributions as if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without taking into account any limitations or restrictions on the convertibility of this Note and assuming for such purpose that the Note was converted as of the applicable record date) immediately prior to the date on which a record is taken for such Distribution or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for such Distributions (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to the extent of the Maximum Percentage (and shall not be entitled to beneficial ownership of such shares of Common Stock as a result of such Distribution (and beneficial ownership) to the extent of any such excess) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time or times, if ever, as its right thereto would not result in the Holder and the other Attribution Parties exceeding the Maximum Percentage, at which time or times the Holder shall be granted such Distribution (and any Distributions declared or made on such initial Distribution or on any subsequent Distribution held similarly in abeyance) to the same extent as if there had been no such limitation).

11. AMENDING THE TERMS OF THIS NOTE. Except for Section 3(d), which may not be amended, modified or waived by the parties hereto, the prior written consent of the Holder shall be required for any change, waiver or amendment to this Note.

12. TRANSFER. This Note and any shares of Common Stock issued upon conversion of this Note may be offered, sold, assigned or transferred by the Holder subject to providing Notice to the Company, and subject to the Holder complying with the applicable federal and state securities laws and Section 3(c)(iii) hereof.

13. REISSUANCE OF THIS NOTE.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note subject to Section 13(d)), registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 13(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of the provisions of Section 3(c)(iii) following conversion or acceleration of any portion of this Note, the outstanding Principal represented by this Note may be less than the Principal stated on the face of this Note.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 13(d)) representing the outstanding Principal.

(c) Note Exchangeable for Different Denominations. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Note or Notes (in accordance with Section 13(d) and in principal amounts of at least $100,000) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Notes. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 13(a) or Section 13(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Late Charges on the Principal from the Issuance Date.

14. REMEDIES, CHARACTERIZATIONS, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. No failure on the part of the Holder to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Holder of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note (including, without limitation, compliance with this Note).

15. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements. The Company expressly acknowledges and agrees that no amounts due under this Note shall be affected, or limited, by the fact that the purchase price paid for this Note was less than the Original Principal Amount hereof.

16. CONSTRUCTION; HEADINGS. This Note shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any such Person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Note instead of just the provision in which they are found. Unless expressly indicated otherwise, all section references are to sections of this Note. Terms used in this Note and not otherwise defined herein, shall have the meanings ascribed to such terms in the context of securities laws promulgated by the SEC.

17. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. Notwithstanding the foregoing, nothing contained in this Section 17 shall permit any waiver of any provision of Section 3(d).

18. NOTICES; CURRENCY; PAYMENTS.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given by personal delivery or via generally recognized overnight courier, mailed postage prepaid, acknowledgement of receipt requested, if addressed to the Company at the address set forth on the signature page of this Note and if addressed to the Holder at: <REDACTED>. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, or (B) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder. Any Notice given to Company, as prescribed this Section, shall also be sent to the following email addresses, which shall not constitute Notice:

matthew.mcgahan@lottery.com;

rob.stubblefield@lottery.com; and

externalcounsel@lottery.com.

(b) Currency. All dollar amounts referred to in this Note are in United States Dollars ("**U.S. Dollars**"), and all amounts owing under this Note shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Note, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by a certified check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing, provided that the Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and the Holder's wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day. Any amount of Principal or other amounts due which is not paid when due shall result in a late charge being incurred and payable by the Company from the date such amount was due until the same is paid in full ("**Late Charge**").

19. CANCELLATION. After all Principal, and Late Charges at any time owed on this Note have been paid in full, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

20. NO WAIVER OF NOTICE. To the extent permitted by law, Notice shall not be waived and the Company irrevocably requires demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note to be delivered in accordance with Section 18(a).

21. GOVERNING LAW. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware. The Holder hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of Wilmington, Delaware for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein (i) shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder or (ii) shall limit, or shall be deemed or construed to limit, any provision of Section 10. **THE HOLDER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO AND AGREES NOT TO REQUEST OR DEMAND A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY.**

22. JUDGMENT CURRENCY.

(a) If for the purpose of obtaining or enforcing judgment against the Company in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 22 referred to as the "**Judgment Currency**") an amount due in U.S. dollars under this Note, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(i) the date actual payment of the amount due, in the case of any proceeding in the courts of Delaware or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(ii) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 22(a)(ii) being hereinafter referred to as the "**Judgment Conversion Date**").

(b) If in the case of any proceeding in the court of any jurisdiction referred to in Section 22(a)(ii) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of US dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(c) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Note.

23. SEVERABILITY. If any provision of this Note is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Note so long as this Note as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

24. MAXIMUM PAYMENTS. Nothing contained herein shall be deemed to establish or require the payment of a rate of other charges in excess of the maximum permitted by applicable law. In the event that the rate to be paid or other charges hereunder exceed the maximum permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Holder and thus refunded to the Company.

25. COMMITMENT FEE. Upon execution and funding of this Note, the Company shall issue to the Investor 12,500 shares of the Company's common stock (the "Commitment Fee").

26. CERTAIN DEFINITIONS. For purposes of this Note, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the stock having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(d) "**Attribution Parties**" means, collectively, the following Persons and entities: (i) any investment vehicle, including, any funds, feeder funds or managed accounts, currently, or from time to time after the Issuance Date, directly or indirectly managed or advised by the Holder's investment manager or any of its Affiliates or principals, (ii) any direct or indirect Affiliates of the Holder or any of the foregoing, (iii) any Person acting or who could be deemed to be acting as a Group together with the Holder or any of the foregoing and (iv) any other Persons whose beneficial ownership of the Company's Common Stock would or could be aggregated with the Holder's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(e) "**Bloomberg**" means Bloomberg, L.P.

(f) "**Business Day**" means any day other than Saturday, Sunday or other day on which the Federal Reserve Bank of New York is authorized or required by law to remain closed.

(g) "**Change of Control**" means any Fundamental Transaction other than (i) any merger of the Company or any of its, direct or indirect, wholly-owned Subsidiaries with or into any of the foregoing Persons, (ii) any reorganization, recapitalization or reclassification of the shares of Common Stock in which holders of the Company's voting power immediately prior to such reorganization, recapitalization or reclassification continue after such reorganization, recapitalization or reclassification to hold publicly traded securities and, directly or indirectly, are, in all material respects, the holders of the voting power of the surviving entity (or entities with the authority or voting power to elect the members of the board of directors (or their equivalent if other than a corporation) of such entity or entities) after such reorganization, recapitalization or reclassification, or (iii) pursuant to a migratory merger effected solely for the purpose of changing the jurisdiction of incorporation of the Company or any of its Subsidiaries.

(h) "**Closing Price**" means final price at which a transaction occurred during the regular trading session of the Trading Day on the Issuance Date as reported by the Principal Market.

(i) "**Common Stock**" means (i) the Company's shares of common stock, par value $0.001, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(j) "**Convertible Securities**" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(k) "**Current Subsidiary**" means any Person in which the Company on the Issuance Date, directly or indirectly, (i) owns any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person, and all of the foregoing, collectively, "**Current Subsidiaries**".

(l) "**Eligible Market**" means The Nasdaq Global Market.

(m) "**Fundamental Transaction** means (A) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, (i) consolidate or merge with or into (whether or not the Company is the surviving corporation) another Subject Entity, or (ii) sell, assign, transfer, convey or otherwise dispose of a substantial portion of the properties or assets of the Company or any of its "significant subsidiaries" (as defined in Rule 1-02 of Regulation S-X) to one or more Subject Entities, or (iii) make, or allow one or more Subject Entities to make, or allow the Company to be subject to or have its Common Stock be subject to or party to one or more Subject Entities making, a purchase, tender or exchange offer that is accepted by the holders of at least either (x) 40% of the outstanding shares of Common Stock, (y) 40% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all Subject Entities making or party to, or affiliated with any Subject Entities making or party to, such purchase, tender or exchange offer were not outstanding; or (z) such number of shares of Common Stock such that all Subject Entities making or party to, or affiliated with any Subject Entity making or party to, such purchase, tender or exchange offer, become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 60% of the outstanding shares of Common Stock, or (iv) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with one or more Subject Entities whereby all such Subject Entities, individually or in the aggregate, acquire, either (x) at least 40% of the outstanding shares of Common Stock, (y) at least 40% of the outstanding shares of Common Stock calculated as if any shares of Common Stock held by all the Subject Entities making or party to, or affiliated with any Subject Entity making or party to, such stock purchase agreement or other business combination were not outstanding; or (z) such number of shares of Common Stock such that the Subject Entities become collectively the beneficial owners (as defined in Rule 13d-3 under the 1934 Act) of at least 40% of the outstanding shares of Common Stock, or (v) reorganize, recapitalize or reclassify its Common Stock, (B) that the Company shall, directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, allow any Subject Entity individually or the Subject Entities in the aggregate to be or become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, whether through acquisition, purchase, assignment, conveyance, tender, tender offer, exchange, reduction in outstanding shares of Common Stock, merger, consolidation, business combination, reorganization, recapitalization, spin-off, scheme of arrangement, reorganization, recapitalization or reclassification or otherwise in any manner whatsoever, of either (x) at least 40% of the aggregate ordinary voting power represented by issued and outstanding Common Stock, (y) at least 60% of the aggregate ordinary voting power represented by issued and outstanding Common Stock not held by all such Subject Entities as of the date of this Note calculated as if any shares of Common Stock held by all such Subject Entities were not outstanding, or (z) a percentage of the aggregate ordinary voting power represented by issued and outstanding shares of Common Stock or other equity securities of the Company sufficient to allow such Subject Entities to effect a statutory short form merger or other transaction requiring other stockholders of the Company to surrender their shares of Common Stock without approval of the stockholders of the Company or (C) directly or indirectly, including through subsidiaries, Affiliates or otherwise, in one or more related transactions, the issuance of or the entering into any other instrument or transaction structured in a manner to circumvent, or that circumvents, the intent of this definition in which case this definition shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this definition to the extent necessary to correct this definition or any portion of this definition which may be defective or inconsistent with the intended treatment of such instrument or transaction.

(n) "**GAAP**" means United States generally accepted accounting principles as in effect from time to time, consistently applied.

(o) "**Group**" means a "group" as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(p) "**Indebtedness**" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (including, without limitation, "capital leases" in accordance with GAAP) (other than trade payables entered into in the ordinary course of business consistent with past practice), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments,

(D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with GAAP, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses

(A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through

(G) above. .

(q) Intentionally omitted.

(r) Intentionally omitted.

(s) Intentionally omitted.

(t) "**Maturity Date**" shall mean 180 days from Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the principal securities exchange or trading market where the Common Stock is listed (a "**Holiday**"), the next date that is not a Holiday.; provided, however, the Maturity Date may be extended at the option of the Holder (i) in the event that, and for so long as, an Event of Default shall have occurred and be continuing or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an Event of Default or (ii) through the date that is twenty (20) Business Days after the consummation of a Fundamental Transaction in the event that a Fundamental Transaction is publicly announced provided further that if the Holder elects to convert some or all of this Note pursuant to Section 3 hereof, and the Conversion Amount would be limited pursuant to Section 3(d) hereunder, the Maturity Date shall automatically be extended until such time as such provision shall not limit the conversion of this Note.

(u) "**New Subsidiary**" means, as of any date of determination, any Person in which the Company after the Issuance Date, directly or indirectly, (i) owns or acquires any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person, and all of the foregoing, collectively, "**New Subsidiaries**".

(v) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(w) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(x) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(y) **"Principal Market**" means, at any time, the Eligible Market on which the Common Stock trades at such time. Initially, the principal market is the Nasdaq Capital Market.

(z) "**SEC**" means the United States Securities and Exchange Commission or the successor thereto.

(aa) **"Subject Entity**" means any Person, Persons or Group or any Affiliate or associate of any such Person, Persons or Group.

(bb) "**Subsidiaries**" means, as of any date of determination, collectively, all Current Subsidiaries and all New Subsidiaries, and each of the foregoing, individually, a "**Subsidiary**."

(cc) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(dd) "**Trading Day**" means, as applicable to the Common Stock, any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder or (y) with respect to all determinations other than price determinations relating to the Common Stock, any day on which The New York Stock Exchange (or any successor thereto) is open for trading of securities.

27. DISCLOSURE. Upon delivery by the Company to the Holder (or receipt by the Company from the Holder) of any notice in accordance with the terms of this Note, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall on or prior to 9:00 am, New York city time on the Business Day immediately following such notice delivery date, publicly disclose such material, non-public information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to the Holder explicitly in writing in such notice (or immediately upon receipt of notice from the Holder, as applicable), and in the absence of any such written indication in such notice (or notification from the Company immediately upon receipt of notice from the Holder), the Holder shall be entitled to presume that information contained in the notice does not constitute material, non-public information relating to the Company or any of its Subsidiaries.

28. ABSENCE OF TRADING AND DISCLOSURE RESTRICTIONS. The Company acknowledges and agrees that the Holder is not a fiduciary or agent of the Company, however, that the Holder shall have an obligation to (a) maintain the confidentiality of any information provided by the Company and (b) refrain from trading any securities while in possession of such information in the accordance with the written non-disclosure agreement signed by the Holder which explicitly provides for such confidentiality and trading restrictions.

[The remainder of this page is intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the Issuance Date set out above.

LOTTERY.COM INC.

By: */s/ Matthew McGahan*
Name: Matthew McGahan
Title: CEO and President

Address for Notice Purposes:

5049 Edwards Ranch Road, 4th Floor
Fort Worth, Texas 76109

DISRUPT INVESTMENTS LIMITED

By: */s/ Muhammad Aaqib Gadit*
Name: Muhammad Aaqib Gadit
Title: Director

Address for Notice Purposes:

<Redacted>

EXHIBIT I

LOTTERY.COM INC. CONVERSION NOTICE

Reference is made to the Senior Unsecured Convertible Note (the "**Note**") issued to the undersigned by Lottery.com Inc., a Delaware corporation (the "**Company**"). In accordance with and pursuant to the Note, the undersigned hereby elects to convert the Conversion Amount (as defined in the Note) of the Note indicated below into shares of Common Stock, $0.001 par value per share (the "**Common Stock**"), of the Company, as of the date specified below. Capitalized terms not defined herein shall have the meaning as set forth in the Note.

Date of Conversion: _____

Aggregate Principal to be converted: _____

Aggregate and accrued and unpaid Late Charges with respect to such portion of the Aggregate Principal and such Aggregate Late Charges and to be converted: _____

AGGREGATE CONVERSION AMOUNT TO BE CONVERTED: _____

Please confirm the following information:

Conversion Price: _____

_____

_____

Please issue the Common Stock into which the Note is being converted to Holder, or for its benefit, as follows:

☐ Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to: _____

_____

☐ Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant: _____

DTC Number: _____

Account Number: _____

Date: _____, _____

_____
Name of Registered Holder

By: _____
Name:
Title:

Tax ID: _____
E-mail Address:

Exhibit II

ACKNOWLEDGMENT

The Company hereby (a) acknowledges this Conversion Notice, (b) certifies that the above indicated number of shares of Common Stock are eligible to be resold by the Holder without restriction and hereby directs _____ to issue the above indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated _____, 20 from the Company and acknowledged and agreed to by _____.

LOTTERY.COM INC.

By: _____
Name:
Title:

Address for Notice Purposes:

5049 Edwards Ranch Road, 4th Floor
Fort Worth, Texas 76109

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Stubblefield, certify that:

1. I have reviewed this Report on Form 10-Q of Sports Entertainment Gaming Global Corporation.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary 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(s) 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(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 2, 2026

By: */s/ Robert J. Stubblefield*
Robert J. Stubblefield
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Stubblefield, certify that:

1. I have reviewed this Report on Form 10-Q of Sports Entertainment Gaming Global Corporation.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary 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(s) 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(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: November 2, 2026

By: */s/ Robert J. Stubblefield*
Robert J. Stubblefield
Chief Financial Officer
(Principal Financial/Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Sports Entertainment Gaming Global Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Robert J. Stubblefield, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 2, 2026

By: */s/ Robert J. Stubblefield*
Robert J. Stubblefield
Interim Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Sports Entertainment Gaming Global Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Robert J. Stubblefield, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 2, 2026

By: */s/ Robert J. Stubblefield*
Robert J. Stubblefield
Chief Financial Officer
(Principal Financial/Accounting Officer)