

Risk Factors Comparison 2025-03-31 to 2024-04-15 Form: 10-K

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Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this Report, including our financial statements and the related notes thereto and “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations, ” before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, operating results, and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. Risk Factor Summary Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our business, financial condition or operating results to be harmed, including risks regarding the following: Risks Related to Our Business and Industry • our significant past operating losses and any inability to maintain profitability or accurately predict fluctuations in the future; • a rapidly developing and relatively new market; • inability to sustain or manage our growth, or otherwise implement our business strategies; • loss of advertising revenue; • inability to maintain an effective revenue model; • reduction in activity by material clients and / or vendors; • ineffective marketing and / or advertising efforts; • our ability to maintain and promote our company culture; • competition in our industry; • ability to attract, maintain, and retain licenses for popular games on our platforms; • ability to enter into definitive license agreements with certain game publishers; • ability to maintain and acquire new users and creators; • our ability to maintain, enhance, and promote our brand; • negative perceptions about our brand, platform, content, leagues, tournaments, and / or competitions; • anticipating and adopting changes to new technologies, business strategies, and / or methods; • actual or perceived security breaches, as well as errors, vulnerabilities or defects in our software and / or products, and in software and / or products of third- party providers; • reliance on server functionality; • the interoperability of our products and services across third- party services and systems; • security breaches and cyber threats; • system failures, outages, and / or disruption due to certain events and interruptions by human- caused problems; • our ability to hire, retain and motivate highly skilled personnel; and • our reliance on assumptions and estimates to calculate certain key metrics. Regulatory and Legal • complex and evolving U. S. and foreign laws and regulations; • changes in tax laws or regulations regarding us or our customers; • decreased levels of traffic due to intensified government regulation of the Internet industry; • liability in the event of a violation of privacy regulations, data privacy laws, and / or child protection laws; • lawsuits or liability arising as a result of the Company providing its products and / or services; and • lawsuits or liability as a result of content published through our products and services. Intellectual Property and Technology • current and future litigation related to intellectual property rights; • our failure to protect our intellectual property rights; and • piracy, unauthorized copying, and other forms of intellectual property infringement. **Risks Relating to our Indebtedness • We have incurred a significant amount of indebtedness, and may incur additional indebtedness in the future, which could impair our liquidity and harm our business, results of operations and financial condition; • If we incur additional debt, it could further increase the risks associated with our leverage and exacerbate the risks described herein; • restrictive covenants in the agreements governing our indebtedness may limit our financial and operational flexibility, and our indebtedness is secured by a first- priority lien against substantially all of our assets; • we may not generate sufficient cash to service our indebtedness; • repayment of our indebtedness is dependent in part on cash flow generated by our subsidiaries; and • we may be unable to refinance our indebtedness, and if we do, such terms may not be favorable to us.** Governance Risks and Risks Related to Our Common Stock • **Pursuant to notices received by Nasdaq, our common stock may be delisted from the Nasdaq Capital Market, and if our Common Stock is delisted, such event is likely to reduce the liquidity of our common stock and may inhibit or preclude our ability to raise additional financing;** • provisions of Delaware law and our certificate of incorporation and bylaws could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us; • low trading volume of our common stock; • the volatility of the trading price of our common stock; • our policy of not paying cash dividends on our common stock; • lessened disclosure requirements due to our status as an ~~emerging growth~~ **smaller reporting** company ; **and • ineffective internal controls could have a material adverse effect on our business, financial conditions, and results of operations** ; and • increased share- based compensation expense due to granted equity awards. **Risks Related to Artificial Intelligence and Machine Learning • Integration of artificial intelligence (“ AI ”) into our operations could adversely affect our business; • issues in the use of AI or machine learning (“ ML ”) in our operations may result in reputational harm or liability; • we currently do not incorporate AI or ML into our products, although some of our competitors do, which could adversely affect our business and profitability; and • issues relating to the use of AI and / or ML may result in increased regulation and costs to comply with such regulations.** General Risk Factors • actual or threatened epidemics, pandemics, outbreaks, or other public health crises; • changes in the state of the U. S. economy and a return to volatile or recessionary conditions; and • risks generally associated with the entertainment industry. We have incurred significant losses since our inception, and we may continue to experience losses in the future. The Company incurred net losses **as disclosed in** of \$ 30. 3 million and \$ 85. 5 million during the **accompanying consolidated statements of operations for** year ended December 31, 2023 (“ Fiscal Year 2023 ”) and the **periods presented.** year ended December 31, 2022 (“ Fiscal Year 2022 ”, and collectively with Fiscal Year 2023, “ Fiscal Years **2024 and 2023 and 2022** ”), respectively. Fiscal Years 2023 and 2022 included noncash stock compensation, amortization and impairment charges totaling \$ **3. 8 million and \$** 17. 3 million ~~and \$~~ 60. 1 million, respectively. As of December 31, **2024**, we had an accumulated deficit of \$ **249. 270.** 0 million. We cannot

predict if we will achieve profitability soon or at all. We expect to continue to expend substantial financial and other resources on, among other things: • investments to expand and enhance our technology platform and technology infrastructure, make improvements to the scalability, availability and security of our platform, and develop new offerings; • sales and marketing, including expanding our customer acquisition and sales organization and marketing programs, and expanding our programs directed at increasing our brand awareness among current and new customers; • investments in bandwidth to support our video streaming functionality; • contract labor costs and other costs to host our leagues and tournaments; • costs to retain and attract users and creators and license first tier game titles, grow our online user community and generally expand our business operations; • hiring additional employees; • expansion of our operations and infrastructure, both domestically and internationally; and • general administration, including legal, accounting and other costs related to being a public company. We may not generate sufficient revenue to offset such costs to achieve or sustain profitability in the future. We expect to continue to invest heavily in our operations, our online experiences, and business development related to game platforms and publishers, advertisers, sponsors and user acquisition, to maintain as well as accelerate our market position, support anticipated future growth and to meet our expanded reporting and compliance obligations as a public company. We intend to continue implementing our business strategy with the expectation that there will be no material adverse developments in our business, liquidity or capital requirements. If one or more of these factors do not occur as expected, it could have a material adverse impact on our activities, including (i) reduction or delay of our business activities, (ii) forced sales of material assets, (iii) defaults on our obligations, or (iv) insolvency. Our planned investments may not result in increased revenue or growth of our business. We cannot assure you that we will be able to generate revenue sufficient to offset our expected cost increases and planned investments in our business and platform. If we fail to achieve and sustain profitability, then we may not be able to achieve our business plan, fund our business or continue as a going concern. **We are experiencing a severe cash shortage and without sufficient additional financing we may not be able to execute our business strategy and may be required to cease operations. As of December 31, 2024, our cash and cash equivalents amounted to \$ 1. 3 million. Our revenue for the three- month period ended December 31, 2024, was approximately \$ 3. 5 million, and we have been reliant upon proceeds from prior financings (in addition to the revenue from our operations) to fund our operations. If we do not continue to raise capital until we generate sufficient cash flow from operations to fund our operations and cover our working capital deficit, we may be required to discontinue or further substantially modify our business. We cannot be certain that additional proceeds from any offering or other financings that we may undertake will be available to us when required, if at all. The failure to raise necessary funds will have a material adverse effect on our business, financial condition, operating results and prospects.** Our auditors have included an explanatory paragraph in their opinion regarding our ability to continue as a going concern. If we are unable to continue as a going concern, our securities will have little or no value. WithumSmith Brown, PC, our independent registered public accounting firm for the fiscal ~~year-years~~ ended December 31, **2024 and** 2023, has included an explanatory paragraph in their opinion that accompanies our audited consolidated financial statements as of and for the ~~year-years~~ ended December 31, **2024 and** 2023, indicating that our recurring losses from operations and negative cash flows from operations raises substantial doubt about our ability to continue as a going concern. If we are unable to obtain profitability or improve our liquidity position, we may not be able to continue as a going concern. We anticipate that we will continue to generate operating losses and use cash in operations through the foreseeable future. As further set forth below, we anticipate that we will need significant additional capital, or we may be required to curtail or cease operations. In order to continue as a going concern, we will require significant additional capital, which we may be unable to obtain. Revenues generated from our operations are not presently sufficient to sustain our operations. Therefore, we will need to raise additional capital in the future to continue our operations. We anticipate that our principal sources of liquidity will not be sufficient to fund our activities to obtain long- term, sustainable profitability. In order to have sufficient cash to fund our operations to obtain long-term, sustainable profitability, we will need to raise additional equity or debt capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us. We will be required to pursue sources of additional capital through various means, including debt or equity financings. Future financings through equity investments will be dilutive to existing stockholders. The terms of securities we may issue in future capital transactions may be more favorable for new investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuances of incentive awards under equity employee incentive plans, all of which will have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and / or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non- cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which may adversely impact our financial condition. Our ability to obtain needed financing may be impaired by such factors as the capital markets and our history of losses, which could impact the availability and cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues and profits from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to curtail or cease operations. Our business is highly competitive and subject to rapid changes. We face significant competition to attract and retain our users, developers, and creators that we anticipate will continue to intensify. Should we fail to attract and retain users, developers, and creators, our business and results of operations may suffer. We compete for both users, developers, and creators. We compete to attract and retain our users' attention on the basis of our content and user experiences. We compete for users and their engagement hours with global technology leaders such as Amazon, Apple, Meta Platforms, Google, Microsoft, and Tencent, global entertainment companies such as Comcast, Disney, and ViacomCBS, online content platforms including Netflix, Spotify, and YouTube, as well as social platforms such as Facebook, Instagram, Pinterest, and Snap. We rely on developers to create the content that leads to and maintains user engagement (including maintaining the quality of experiences). We compete to attract and retain developers by providing developers the tools to easily

build, publish, operate, and monetize content. We compete for developers and engineering talent with gaming and metaverse platforms such as Epic Games, Unity, Meta Platforms, and Valve Corporation, which also give developers the ability to create or distribute interactive content. We do not have any agreements with our developers that require them to continue to use our platform for any time period. In the future, if we are unable to continue to provide value to these developers and they have alternative methods to publish and commercialize their offerings, they may not continue to provide content to our platform. Should we fail to provide compelling advantages to continued use of our ecosystem to developers, they may elect to develop content on competing interactive entertainment platforms. If a significant number of our developers no longer provide content, we may experience an overall reduction in the quality of our experiences, which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and harm our results of operations. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages, such as: ● larger sales and marketing budgets and resources; ● broader and more established relationships with users, developers, and creators; ● greater resources to make acquisitions and enter into strategic partnerships; ● lower labor and research and development costs; ● larger and more mature intellectual property portfolios; and ● substantially greater financial, technical, and other resources. We expect competition to continue to increase in the future. Conditions in our market could change rapidly and significantly as a result of technological advancements, the emergence of new entrants into the market, partnering or acquisitions by our competitors, continuing market consolidation, or changing developer, creator and user preferences, which can be difficult to predict or prepare for. Our competitors vary in size, and some may have substantially broader and more diverse offerings or may be able to adopt more lucrative payment policies or structures for developers. Failure to adequately identify and adapt to these competitive pricing pressures could negatively impact our business. We may not be able to sustain our rapid growth, effectively manage our anticipated future growth or implement our business strategies. We have a limited operating history as a leading creator and publisher of content experiences and media solutions across the world's largest immersive platforms and have experienced substantial growth during certain of the periods presented herein due, in large part, to the acquisitions we completed during Fiscal Year 2023 and the year ending December 31, 2021 ("Fiscal Year 2021"). However, recent growth rates may not be indicative of our future performance due to our limited operating history and the rapid evolution of our business model. We may not be able to achieve similar results or accelerate growth at the same rate as we have organically or following the completion of our recent acquisitions and we may not achieve our expected results, all of which may have a material and adverse impact on our financial condition and results of operations. In addition, our rapid growth and expansion have placed, and continue to place, significant strain on our management and resources. This level of significant growth may not be sustainable or achievable at all in the future. We believe that our continued future growth will depend on many factors, including our ability to develop new sources of revenues, diversify monetization methods including our direct to consumer offerings, attract and retain competitive gamers and creators, increase engagement, continue developing innovative technologies, and experiences in response to shifting demand in open world gaming, increase brand awareness, and expand into new markets. We cannot assure you that we will achieve any of the above, and our failure to do so may materially and adversely affect our business and results of operations. We are subject to risks associated with operating in a rapidly developing industry and a relatively new market. Many elements of our business are unique, evolving and relatively unproven. Our business and prospects depend on the continuing development of a leading position as a creator and publisher of content experiences and media solutions across the world's largest immersive platforms. The market for gaming-related content has grown significantly in recent years and continues to rapidly develop, which may present significant challenges. Our business relies upon our ability to cultivate and grow a robust community of developers and creators and audience members, and our ability to successfully monetize such community through advertising and direct to consumer opportunities. In addition, our continued growth depends, in part, on our ability to respond to rapid technological evolution, continued shifts in gamer trends and demands, frequent introductions of new games and titles and the constant emergence of new industry standards and practices. Developing and integrating into new games, titles, content, products, services or infrastructure could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve at all. We cannot assure you that we will succeed in any of these aspects or that the industry within which we operate will continue to grow as rapidly as it has in the past. We generate a significant portion of our revenues from advertising and sponsorships. If we fail to attract more advertisers and sponsors to our platform, or if advertisers or sponsors are less willing to advertise with or sponsor us, our revenues may be adversely affected. We generate a growing significant portion of our revenues from advertising on existing digital platforms and within our owned and operated platforms, which we expect to further develop and expand in the near future as online viewership across platforms continues to expand. Our revenues from advertising and sponsorship partly depend on the continual development of the online advertising industry and advertisers' willingness to allocate budgets to online advertising in the gaming and content streaming industry. In addition, companies that decide to advertise or promote online may utilize more established methods or channels, such as more established internet portals or search engines, over advertising on our platform. If the online advertising and sponsorship market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our ability to increase our current level of advertising and sponsorship revenue and our profitability and prospects may be materially and adversely affected. Furthermore, our core and long-term priority of optimizing the user experience and satisfaction may limit our platform's ability to generate revenues from advertising and sponsorship. For example, in order to provide our users and creators with an uninterrupted experience, we do not place significant amounts of advertising on our streaming interface or insert pop-up advertisements during streaming. While this decision could adversely affect our operating results in the short-term, we believe it enables us to provide a superior gamer experience on our platform, which will help us expand and maintain our current base of users and creators and enhance our monetization potential in the long-term. However, this philosophy of putting our users and creators first may also negatively impact our relationships with advertisers, sponsors or other third parties, and may not result in the long-term benefits that we expect, in which case the success of our business and operating results could be harmed. Our

revenue model may not remain effective and we cannot guarantee that our future monetization strategies will be successfully implemented or generate sustainable revenues and profit. The Company generates revenue from (i) innovative advertising including immersive game world and experience publishing and in- game media products, (ii) content and technology through the production and distribution of our own, advertiser and third- party content, and (iii) direct to consumer offers, including in-game items, e- commerce, game passes and digital collectibles. We have generated, and expect to continue to generate, a substantial portion of revenues using this revenue model in the near term. Although our business has experienced significant growth in recent years, there is no guarantee that our direct to consumer packages will gain significant traction to maximize our growth rate in the future, as the demand for our offerings may change, decrease substantially or dissipate, or we may fail to anticipate and serve user demands effectively. The loss of or a substantial reduction in activity by one or more of our largest customers and / or vendors could materially and adversely affect our business, financial condition and results of operations. For Fiscal Years ~~2024 and 2023 and 2022~~, **two customers accounted for 20 % and** one customer accounted for 14 % ~~and one of revenue, respectively. At December 31, 2024, three customer customers~~ accounted for ~~8-45 % of accounts receivable revenue, respectively~~. At December 31, 2023, three customers accounted for 55 % of accounts receivable. At December 31, ~~2022~~ **2024**, ~~three customers~~ **two vendors** accounted for ~~33-21 % of accounts receivable payable~~. At December 31, 2023, two vendors accounted for 37 % of accounts payable. ~~At December 31, 2022, one vendor accounted for 10 % of accounts payable.~~ Our marketing and advertising efforts may fail to resonate with gamers and creators. Our service offerings are **or may be** marketed through a diverse spectrum of advertising and promotional programs such as online and mobile advertising, marketing through websites, event sponsorship and direct communications with our user community including via email, blogs and other electronic means. An increasing portion of our marketing activity is taking place on social media platforms that are either outside, or not totally within, our direct control. Changes to user preferences, marketing regulations, privacy and data protection laws, technology changes or service disruptions may negatively impact our ability to reach target users and creators. Our ability to market our service offerings is dependent in part upon the success of these programs. If the marketing for our service offerings fails to resonate and expand with both the gamer and metaverse community, or if advertising rates or other media placement costs increase, our business and operating results could be harmed. We have a unique community culture that is vital to our success. Our operations may be materially and adversely affected if we fail to maintain this community culture as we expand in our addressable user communities. We have cultivated an interactive and vibrant online social user community centered around online gaming and content creation. We ensure a superior user experience by continuously improving the user interface and features of our platform along with offering a multitude of user experiences with first tier service offerings. We believe that maintaining and promoting a vibrant community culture is critical to retaining and expanding our user community. We have taken multiple initiatives to preserve our community culture and values. Despite our efforts, we may be unable to maintain our community culture and cease to be the preferred platform for our target users and creators as we expand our footprint, which would be detrimental to our business operations. The online gaming industry is very “ hit ” driven. We may not have access to “ hit ” games or titles. Select game titles and platforms dominate competitive online gaming and open world gaming, and many new games titles and platforms are regularly introduced in each major industry segment (console, mobile and PC free- to- download). Despite the number of new entrants, only a very few “ hit ” titles or platforms account for a significant portion of total revenue in each segment. The size and engagement level of our users are critical to our success and are closely linked to the quality and popularity of the game publishers with which we have licenses and the platforms on which we operate. Game publishers on our platform, including those who have entered into license agreements with us, may leave us for other gaming platforms which may offer better competition, and terms and conditions than we do. Furthermore, we may lose our licenses with certain game publishers if we fail to generate the number of gamers and creators ~~to our amateur tournaments and competitions~~ expected by such publishers. In addition, if popular game publishers cease to license their games to us, or our **activities live streams** fail to attract gamers and creators, we may experience a decline in gamer traffic, direct to consumer opportunities and engagement, which may have a material and adverse impact on our results of operations and financial conditions. Platforms on which we operate may modify or restrict our access to their platforms. If we fail to license ~~multiple additional~~ “ hit ” games or any of our existing licensed game publishers with which we currently have a license decide to breach the license agreement or choose not to continue with us once the term of the license agreement expires, or if platforms on which we operate modify or restrict our access, the popularity of our experiences and content generated across platforms may decline and the number of our users and creators may decrease, which could materially and adversely affect our results of operations and financial condition. We have not entered into definitive license agreements with certain game publishers or platforms that we currently have relationships with, and we may never do so. We currently do not have definitive license agreements in place with game publishers and platforms for the use of certain of the game titled played on our platform, as these publishers currently permit us to integrate the specifications of the game title with our technology. We may not ever enter into license agreements with these parties in the future, instead continuing our relationship with these game publishers without a license agreement. These game publishers may unilaterally choose to discontinue their relationship with the Company, thereby preventing us from offering experiences on our platform using their game titles, as the case may be. Should those game publishers or platforms choose not to allow us to offer experiences involving their respective game titles to our users, the popularity of our experiences and competitions may decline and the number of our users and creators may decrease, which could materially and adversely affect our results of operations and financial condition. If we fail to keep our existing users and creators highly engaged, and / or acquire new users and creators, our business, profitability and prospects may be adversely affected. Our success depends on our ability to maintain and grow the number of users and creators using our platform, and keeping our users and creators highly engaged. In order to attract, retain and engage users and creators and remain competitive, we must continue to develop and expand our product offerings, including internationally, implement new technologies and strategies, improve features of our platform and stimulate interactions in our user community. A decline in the number of our users and creators in our ecosystem

may adversely affect the engagement level of our users and creators, the vibrancy of our user community, or the popularity of our platform, which may in turn reduce our monetization opportunities, and have a material and adverse effect on our business, financial condition and results of operations. We cannot assure you that our platform will remain sufficiently popular with users and creators to offset the costs incurred to operate and expand it. It is vital to our operations that we remain sensitive and responsive to evolving user preferences and offer first- tier content that attracts our users and creators. We must also keep providing users and creators with new features and functions to enable superior content viewing, and social interaction. Further, we will need to continue to develop and improve our platform and to enhance our brand awareness, which may require us to incur substantial costs and expenses. If such increased costs and expenses do not effectively translate into an improved user experience and direct to consumer- based, long- term engagement, our results of operations may be materially and adversely affected. The ability to grow our business is dependent in part on the success and availability of mass media channels developed by third parties, as well as our ability to develop commercially successful content. The success of our business is driven in part by the commercial success and adequate supply of third- party mass media channels for which we may distribute our content, including Twitch, YouTube and ESL. tv. Our success also depends on our ability to accurately predict which channels and platforms will be successful with the online gaming community, our ability to develop commercially successful content and distribute **such content** via SLG. TV, ~~which is presently available on Twitch, amateur tournaments and competition for these channels and gaming platforms~~ and our ability to effectively manage the transition of our users and creators from one generation or demographic to the next. Additionally, we may enter into certain exclusive licensing arrangements that affect our ability to deliver or market our live and on- demand content on certain channels and platforms. A channel or platform may not succeed as expected or new channels or platforms may take market share and users and creators away from platforms for which we have devoted significant resources. If demand for the channels or platforms for which we are developing is lower than our expectations, we may be unable to fully recover the investments we have made, and our financial performance may be harmed. Alternatively, a channel or platform for which we have not devoted significant resources could be more successful than we initially anticipated, causing us to not be able to take advantage of meaningful revenue opportunities. If we fail to maintain and enhance our brand **/** or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected. We believe that maintaining and enhancing our brand is of significant importance to the success of our business. A well- recognized brand is important to increasing the number of users and creators and the level of engagement of our overall user community which is critical in enhancing our attractiveness to advertisers and sponsors. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain and enhance our market position. Although we have developed our brand through word of mouth referrals, and key strategic partners, as we expand, we may conduct various marketing and brand promotion activities using various methods to continue promoting our brand. We cannot assure you, however, that these activities will be successful or that we will be able to achieve the brand promotion effect we expect. In addition, any negative publicity in relation to our service offerings, or operations, regardless of its veracity, could harm our brands and reputation. Negative publicity or public complaints from users and creators may harm our reputation, and if complaints against us are not addressed to their satisfaction, our reputation and our market position could be significantly harmed, which may materially and adversely affect our business, results of operations and prospects. Negative perceptions about our brand, or platforms, and / or business practices may damage our business and increase the costs incurred in addressing user concerns. Expectations regarding the quality, performance and integrity of our service offerings are high. Users and creators may be critical of our brand, platform, content, service offerings, and / or business practices for a wide variety of reasons. These negative user reactions may not be foreseeable or within our control to manage effectively, including user reactions to content via social media or other outlets, components and services, or objections to certain of our business practices. Negative user sentiment about our business practices also can lead to investigations from regulatory agencies and consumer groups, as well as litigation, which, regardless of their outcome, may be costly, damaging to our reputation and harm our business. Technology changes rapidly in our business and if we fail to anticipate or successfully implement new technologies or adopt new business strategies, technologies or methods, the quality, timeliness and competitiveness of our offered services may suffer. Rapid technology changes require us to anticipate, sometimes years in advance, which technologies we must develop, implement and take advantage of in order to be and remain competitive in both the content- creation and delivery market, social media markets, and the metaverse gaming market. We have invested, and in the future may invest, in new business strategies including within metaverse gaming, a direct to consumer model, technologies, products, or games or first- tier game titles to continue to persistently engage the user and deliver the best user experience. For example, if we are unable to react quickly to new technology trends — for example the continued growth of generative Artificial Intelligence (“ AI ”) solutions which disrupts the ways developers create experiences or may disrupt the way users consume virtual goods — it may harm our business and results of operation. Further, social and ethical issues relating to the use of new and evolving technologies such as AI in our offerings, may result in reputational harm and liability, and may cause us to incur additional research and development costs to resolve such issues. AI presents emerging ethical issues and if we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand **/** or reputational harm, competitive harm, or legal liability. Failure to address AI ethics issues by us or others in our industry could undermine public confidence in AI. Such endeavors may involve significant risks and uncertainties, and no assurance can be given that the technology we choose to adopt and the features that we pursue will be successful. If we do not successfully implement these new technologies, our reputation may be materially adversely affected and our financial condition and operating results may be impacted. We also may miss opportunities to adopt technology, or develop technologies, products, or services that become popular with users and creators, which could adversely affect our financial results. It may take significant time and resources to shift our focus to such technologies, putting us at a competitive disadvantage. Our development process usually starts with particular user experiences in mind, and a range of technical development and feature goals that we hope to

be able to achieve. We may not be able to achieve these goals, or our competitors may be able to achieve them more quickly and effectively than we can based on having greater operating capital and personnel resources. If we cannot achieve our technology goals within the original development schedule, then we may delay their release until these goals can be achieved, which may delay or reduce revenue and increase our development expenses. Alternatively, we may be required to significantly increase the resources employed in research and development in an attempt to accelerate our development of new technologies, either to preserve our launch schedule or to keep up with our competitors, which would increase our development expenses. Our new services and changes to existing services could fail to attract or retain users or generate revenue and profits. Our ability to retain, increase, and engage our user base and to increase our revenue depends heavily on our ability to continue to evolve our existing services and to develop successful new services, both independently and in conjunction with developers or other third parties. We may introduce significant changes to our existing services or acquire or introduce new and unproven services, including using technologies with which we have little or no prior development or operating experience. For example, we do not have significant experience with virtual or augmented reality technology, which may adversely affect our ability to successfully develop and market our offerings within these technologies. We continue to incur substantial costs, and we may not be successful in generating profits, in connection with these efforts. In addition, the introduction of new services, or changes to existing services, may result in new or enhanced governmental or regulatory scrutiny, litigation, or other complications that could adversely affect our business and financial results. We have also invested, and expect to continue to invest, significant resources in growing our service offerings to support increasing usage of such products. If our new or enhanced services fail to engage users, marketers, or developers, or if our business plans are unsuccessful, we may fail to attract or retain users or to generate sufficient revenue, operating margin, or other value to justify our investments, and our business may be adversely affected. We may not be successful in our metaverse gaming strategy and investments, which could adversely affect our business, reputation, or financial results. We believe the metaverse, an embodied internet where people have immersive experiences beyond two-dimensional screens, is the next evolution in social technology. Our business strategy focuses on offerings within metaverse gaming. We expect this will be a complex, evolving, and long-term initiative that will involve the development of new and emerging technologies, continued investment in privacy, safety, and security efforts, and collaboration with other companies, developers, partners, and other participants. However, the metaverse may not develop in accordance with our expectations, and market acceptance of features, products, or services we build for the metaverse is uncertain. In addition, we have limited experience with virtual and augmented reality technology, which may enable other companies to compete more effectively than us. We may be unsuccessful in our research and product development efforts, including if we are unable to develop relationships with key participants in metaverse gaming or develop products that operate effectively with metaverse gaming technologies, products, systems, networks, or standards. Our metaverse gaming efforts may also divert resources and management attention from other areas of our business. In addition, as our metaverse gaming efforts evolve, we may be subject to a variety of existing or new laws and regulations in the United States and international jurisdictions, including in the areas of privacy and e-commerce, which may delay or impede the development of our products and services, increase our operating costs, require significant management time and attention, or otherwise harm our business. As a result of these or other factors, our metaverse gaming strategy and investments may not be successful in the foreseeable future, or at all, which could adversely affect our business, reputation, or financial results. We focus our business on our developers, creators, and users, and acting in their interests in the long-term may conflict with the short-term expectations of analysts and investors. A significant part of our business strategy and culture is to focus on long-term growth and developer, creator, and user experience over short-term financial results. We expect our expenses to continue to increase in the future as we broaden our developer, creator, and user community, as developers, creators, and users increase the amount and types of content they make available on our platform and the content they consume, as we continue to seek ways to increase payments to our developers, and as we develop and further enhance our platform, expand our technical infrastructure, and hire additional employees to support our expanding operations. As a result, in the near- and medium-term, we may continue to operate at a loss, or our near- and medium-term profitability may be lower than it would be if our strategy were to maximize near- and medium-term profitability. We expect to continue making significant expenditures to grow our platform and develop new features, integrations, capabilities, and enhancements to our platform for the benefit of our developers, creators, and users. Such expenditures may not result in improved business results or profitability over the long-term. If we are ultimately unable to achieve or improve profitability at the level or during the time frame anticipated by securities or industry analysts, investors and our stockholders, the trading price of our common stock may decline. We may experience security breaches and cyber threats. We continually face cyber risks and threats that seek to damage, disrupt or gain access to our networks and our platform, supporting infrastructure, intellectual property and other assets. In addition, we rely on technological infrastructure, including third party cloud hosting and broadband, provided by third party business partners to support the in person and online functionality of our platform. These business partners are also subject to cyber risks and threats. Such cyber risks and threats may be difficult to detect. Both our partners and we have implemented certain systems and processes to guard against cyber risks and to help protect our data and systems. However, the techniques that may be used to obtain unauthorized access or disable, degrade, exploit or sabotage our networks and platform change frequently and often are not detected. Our systems and processes, and the systems and processes of our third-party business partners, may not be adequate. Any failure to prevent or mitigate security breaches or cyber risks, or respond adequately to a security breach or cyber risk, could result in interruptions to our platform, degrade the user experience, cause users and creators to lose confidence in our gaming platform and cease utilizing it, as well as significant legal and financial exposure. This could harm our business and reputation, disrupt our relationships with partners and diminish our competitive position. Successful exploitation of our networks and platform can have other negative effects upon the user experience we offer. In particular, the virtual economies that exist in certain of our licensed game publishers' games and developers' outside platforms, such as Roblox, are subject to abuse, exploitation and other forms of fraudulent activity that can negatively impact our business. Virtual

economies involve the use of virtual currency and / or virtual assets that can be used or redeemed by a user within a particular online game or service. Our business could be adversely affected if our data privacy and security practices are not adequate, or perceived as being inadequate, to prevent data breaches, or by the application of data privacy and security laws generally. In the course of our business, we may collect, process, store and use gamer and other information, including personally identifiable information, passwords and credit card information, the latter of which is subject to PCI- DSS compliance. Although we take measures to protect this information from unauthorized access, acquisition, disclosure and misuse, our security controls, policies and practices may not be able to prevent the improper or unauthorized access, acquisition or disclosure of such information. The unauthorized access, acquisition or disclosure of this information, or a perception that we do not adequately secure this information could result in legal liability, costly remedial measures, governmental and regulatory investigations, harm our profitability and reputation and cause our financial results to be materially affected. In addition, third party vendors and business partners receive access to information that we collect. These vendors and business partners may not prevent data security breaches with respect to the information we provide them or fully enforce our policies, contractual obligations and disclosures regarding the collection, use, storage, transfer and retention of personal data. A data security breach of one of our vendors or business partners could cause reputational harm to them and / or negatively impact our ability to maintain the credibility of our user community. Data privacy, data protection, localization, security and consumer- protection laws are evolving, and the interpretation and application of these laws in the United States, Europe (including compliance with the European Union' s General Data Protection Regulation (“GDPA ”), and elsewhere often are uncertain, contradictory and changing. It is possible that these laws may be interpreted or applied in a manner that is averse to us or otherwise inconsistent with our practices, which could result in litigation, regulatory investigations and potential legal liability or require us to change our practices in a manner adverse to our business. As a result, our reputation and brand may be harmed, we could incur substantial costs, and we could lose both users and creators and revenue. We depend on servers to operate our service offerings with online features and our proprietary online platform. If we were to lose server functionality for any reason, our business may be negatively impacted. Our business relies on the continuous operation of servers, some of which are owned and operated by third parties. Although we strive to maintain more than sufficient server capacity, and provide for active redundancy in the event of limited hardware failure, any broad- based catastrophic server malfunction, a significant service- disrupting attack or intrusion by hackers that circumvents security measures, a failure of disaster recovery service or the failure of a company on which we are relying for server capacity to provide that capacity for whatever reason could degrade or interrupt the functionality of our platform, and could prevent the operation of our platform for both in- person and online user experiences. We also rely on networks operated by third parties to support content on our platform, including networks owned and operated by game publishers. An extended interruption to any of these services could adversely affect the use of our platform, which would have a negative impact on our business. Further, insufficient server capacity could also negatively impact our business. Conversely, if we overestimate the amount of server capacity required by our business, we may incur additional operating costs. Our advertising revenue is dependent on targeting and measurement tools that incorporate data signals from user activity on websites and services that we do not control, and changes to the regulatory environment, third- party mobile operating systems and browsers, and our own products have impacted, and we expect will continue to impact, the availability of such signals, which will adversely affect our advertising revenue. We rely on data signals from user activity on websites and services that we do not control in order to deliver relevant and effective ads to our users. Our advertising revenue is dependent on targeting and measurement tools that incorporate these signals, and any changes in our ability to use such signals will adversely affect our business. For example, legislative and regulatory developments, such as the GDPR, and the California Consumer Privacy Act (“CCPA ”), have impacted, and we expect will continue to impact, our ability to use such signals in our ad products. In particular, we may see an increasing number of users opt to control certain types of ad targeting, which may increase further with expanded control over certain third- party data as part of our compliance with these laws and regulations, and we may have to introduce product changes that limit data signal use for certain users in California following adoption of the CCPA. Regulatory guidance or decisions or new legislation in these or other jurisdictions may require us to make additional changes to our products in the future that further reduce our ability to use these signals. In addition, mobile operating system and browser providers, such as Apple and Google, have implemented product changes and / or announced future plans to limit the ability of websites and application developers to collect and use these signals to target and measure advertising. These developments may limit our ability to target and measure the effectiveness of ads across platforms and may negatively impact our advertising revenue. If we are unable to mitigate these developments as they take further effect in the future, our targeting and measurement capabilities may be materially and adversely affected, which would in turn significantly impact our future revenue growth. Our online platform and services offered through our platform may contain defects. Our online platform and the services offered through our platform are extremely complex and are difficult to develop and distribute. We have quality controls in place to detect defects in our platform before they are released. Nonetheless, these quality controls are subject to human error, overriding, and reasonable resource or technical constraints. Further, we have not undertaken independent third- party testing, verification or analysis of our platform and associated systems and controls. Therefore, our platform and quality controls and preventative measures we have implemented may not be effective in detecting all defects in our platform. In the event a significant defect in our platform and associated systems and controls is realized, we could be required to offer refunds, suspend the availability of our service offerings, or expend significant resources to cure the defect, each of which could significantly harm our business and operating results. We may experience system failures, outages and / or disruptions of the functionality of our platform. Such failures, delays and other problems could harm our reputation and business, cause us to lose customers and expose us to customer liability. We may experience system failures, outages and / or disruptions of our infrastructure, including information technology system failures, network disruptions, and cloud hosting and broadband disruptions. Our operations could be interrupted or degraded by any damage to or failure of: ● our computer software or hardware, or our customers' or suppliers'

computer software or hardware; ● our network, our customers' networks or our suppliers' networks; or ● our connections and outsourced service arrangements with third parties. Our systems and operations are also vulnerable to damage or interruption from: ● power loss, transmission cable cuts and other telecommunications and utility failures; ● hurricanes, fires, earthquakes, floods and other natural disasters; ● a terrorist attack in the U. S. or in another country in which we operate; ● interruption of service arising from facility migrations, resulting from changes in business operations including acquisitions and planned data center migrations; ● computer viruses or software defects; ● loss or misuse of proprietary information or customer data that compromises security, confidentiality or integrity; or ● errors by our employees or third- party service providers. From time to time in the ordinary course of our business, our network nodes and other systems experience temporary outages. As a means of ensuring continuity in the services we provide to our community and partners, we have invested in system redundancies via partnerships with industry leading cloud service providers, proactive alarm monitoring and other back- up infrastructure, though we cannot assure you that we will be able to re- route our services over our back- up facilities and provide continuous service to customers in all circumstances without material degradation. Because many of our services play a critical role for our community and partners, any damage to or failure of the infrastructure we rely on could disrupt or degrade the operation of our network, our platform and the provision of our services and result in the loss of current and potential community members and / or partners and harm our ability to conduct normal business operations. We use third- party services and technologies in connection with our business, and any disruption to the provision of these services and technologies to us could result in negative publicity and a slowdown in the growth of our users, which could materially and adversely affect our business, financial condition and results of operations. Our business partially depends on services provided by, and relationships with, various third parties, including cloud hosting and broadband providers, among others. To this end, when our cloud hosting and broadband vendors experience outages, our services will be negatively impacted and alternative resources will not be immediately available. In addition, certain third- party software we use in our operations is currently publicly available free of charge. If the owner of any such software decides to charge users or no longer makes the software publicly available, we may need to incur significant costs to obtain licensing, find replacement software or develop it on our own. If we are unable to obtain licensing, find or develop replacement software at a reasonable cost, or at all, our business and operations may be adversely affected. We exercise no control over the third- party vendors that we rely upon for cloud hosting, broadband and software service. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations. If we are unable to successfully grow our user base, compete effectively with other platforms, and further monetize our platform, our business will suffer. We have made, and are continuing to make, investments to enable our developers to design and build compelling content and deliver it to our users on our platform. Existing and prospective developers may not be successful in creating content that leads to and maintains user engagement (including maintaining the quality of experiences) or they may fail to expand the types of experiences that our developers can build for users, and other global entertainment companies, online content platforms, and social platforms may entice our users and potential users away from, or to spend less time with, our platform, each of which could adversely affect users' interest in our platform and lead to a loss of revenue opportunities and harm our results of operations. Additionally, we may not succeed in further monetizing our platform and user base. As a result, our user growth, user engagement, financial performance and ability to grow revenue could be significantly harmed if: ● we fail to increase or maintain KPIs; ● our user growth outpaces our ability to monetize our users, including if our user growth occurs in markets that are not profitable; ● we fail to establish a base of our developers, creators, and users; ● we fail to provide the tools and education to our developers and creators to enable them to monetize their experiences; ● we fail to increase or maintain the amount of time spent on our platform, the number of experiences that our users share and explore with friends, or the usage of our technology for our developers; ● we do not develop and establish the social features of our platform, allowing it to more broadly serve the entertainment, education, and business markets; ● we fail to increase penetration and engagement across target age demographics; ● developers do not create engaging or new experiences for users; ● users reduce their subscriptions for our services within our platform; or ● the experiences on our platform do not maintain or gain popularity. If we are able to continue to grow, we will need to manage our growth effectively, which could require expanding our internal IT systems, technological operations infrastructure, financial infrastructure, and operating and administrative systems and controls. In addition, we have expended in the past and may in the future expend significant resources to launch new features and changes on our platform that we are unable to monetize, which may significantly harm our business. Any future growth would add complexity to our organization and require effective coordination across our organization, and an inability to do so would adversely affect our business, financial conditions and results of operations. We **may** provide access to offerings within our platform that are subscription- based. While we intend for these efforts to generate increased recurring revenues from our existing user base, they may cause users to decrease their overall spend on our platform. Our ability to ~~continue to~~ attract and retain users of ~~our~~ paid subscription services will depend in part on our ability to consistently provide ~~our~~ subscribers with a quality experience. If our users do not perceive these offerings to be of value, or if we introduce new or adjust existing features or pricing in a manner that is not favorably received by them, we may not be able to attract and retain subscribers or be able to convince users to become subscribers of such additional service offerings, and we may not be able to increase the amount of recurring revenue from our user base. Subscribers may cancel their subscription to our service for many reasons, including a perception that they do not use the service sufficiently, the need to reduce household expenses, competitive services that provide a better value or experience or as a result of changes in pricing. If our efforts to attract and retain subscribers are not successful, our business, operating results, and financial condition may be adversely impacted. We have seen the growth rate of our users fluctuate and expect it to continue to change over time. If we fail to retain users or add new users, or if our users decrease their level of engagement with our platform, revenue, bookings, and operating results will be harmed. We believe we have successfully iterated our business model

through market insights, and our organic and inorganic growth to establish scale and ultimately drive our monetization strategies. Our strong and growing product- market fit currently reaches over 100 million monthly unique players in Roblox, Minecraft and Fortnite and generates over one billion monthly impressions. We view our key performance Indicators (“ KPIs ”) as a critical measure of our user engagement, and adding, maintaining, and engaging users has been and will continue to be necessary to our continued growth. Our KPI growth rate has fluctuated in the past and may slow in the future due to various factors. As COVID- 19 related shelter- in- place orders lifted and children returned to school, we saw growth rates moderate in certain markets. Other factors including: the introduction of new experiences on our platform, higher market penetration rates, and competition from a variety of entertainment sources for our users and their time could also cause our growth rates to fluctuate. For example, while our KPIs have grown sequentially on a quarterly basis for the last several years, there have been months where they have not or have grown at a slower pace, often due to seasonal or other factors. Seasonal factors may have been impacted by the COVID- 19 pandemic and we expect that seasonality could again cause user activity to decrease, including below historical levels as the impacts of the COVID- 19 pandemic moderate. In addition, our strategy seeks to expand the age groups and geographic markets that make up our users, and if and when we achieve maximum market penetration rates among any particular user cohort overall and in particular geographic markets, future growth in KPIs will need to come from other age or geographic cohorts in other markets, which may be difficult, costly or time consuming for us to achieve. Accessibility to the internet and bandwidth or connectivity limitations as well as regulatory requirements, may also affect our ability to further expand our user base in a variety of geographies. If our KPI growth rate slows or becomes stagnant, or we have a decline in KPIs, or we fail to effectively monetize users in certain geographic markets, our financial performance will increasingly depend on our ability to elevate user activity or increase the monetization of our users. Our business plan assumes that the demand for interactive entertainment offerings, specifically, the adoption of a metaverse with users interacting together by playing, communicating, connecting, making friends, learning, or simply hanging out, all in 3D environments, will increase for the foreseeable future. However, if this market shrinks or grows more slowly than anticipated, if the metaverse does not gain widespread adoption as a forum for experiences, social interaction and creative expression for our users, or if demand for our platform does not grow as quickly as we anticipate, whether as a result of competition, product obsolescence, budgetary constraints of our developers, creators, and users, technological changes, unfavorable economic conditions, uncertain geopolitical or regulatory environments or other factors, we may not be able to increase our revenue and bookings sufficiently to ever achieve profitability and our stock price would decline. The multitude of other entertainment options, online gaming, and other interactive experiences is high, making it difficult to retain users who are dissatisfied with our platform and seek other entertainment options. Moreover, a large number of our users are within a demographic which may be less brand loyal and more likely to follow trends, including viral trends, than other demographics. These and other factors may lead users to switch to another entertainment option rapidly, which can interfere with our ability to forecast usage or KPIs and would negatively affect our user retention, growth, and engagement. We also may not be able to penetrate other demographics in a meaningful manner to compensate for the loss of KPIs in this age group. Falling user retention, growth, or engagement rates could seriously harm our business. Our user metrics and other estimates are subject to inherent challenges in measurement, and real or perceived inaccuracies in those metrics may significantly harm and negatively affect our reputation and our business. We regularly review metrics and KPIs, including monthly unique players and monthly impressions to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal data gathered on an analytics platform that we developed and operate and have not been validated by an independent third party. Our metrics and estimates may also differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology or the assumptions on which we rely. If our estimates are inaccurate, then investors will have less confidence in our company and our prospects, which could cause the market price of our common stock to decline, our reputation and brand could be harmed. While these metrics are based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our service offerings are used and as a result, the metrics may overstate the number of monthly unique players and monthly impressions. For example, there may be users who have multiple accounts, fake user accounts, or fraudulent accounts created by bots to inflate user activity for a particular developer or creator, thus making the developer or creator’ s experience or other content appear more popular than it really is. We strive to detect and minimize fraud and unauthorized access to our service offerings, and these practices are prohibited in our terms of service and we implement measures to detect and suppress that behavior. Some of our demographic data may be incomplete or inaccurate. For example, because users self- report their dates of birth, our age demographic data may differ from our users’ actual ages. If our users provide us with incorrect or incomplete information regarding their age or other attributes, then our estimates may prove inaccurate. Errors or inaccuracies in our metrics or data could also result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we may expend resources to implement unnecessary business measures or fail to take required actions to attract a sufficient number of users to satisfy our growth strategies. If our developers do not perceive our user, geographic, or other demographic metrics to be accurate representations of our user base, or if we discover material inaccuracies in our user, geographic, or other demographic metrics, our reputation may be seriously harmed. Our developers, creators and partners may also be less willing to allocate their budgets or resources to our service offerings, which could seriously harm our business. Growth and engagement of our user community depends upon effective interoperability with mobile operating systems, networks, mobile devices and standards that we do not control. We make our services available across a variety of mobile operating systems and devices. We are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. Any changes in such mobile operating systems or devices that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. In order to deliver high quality services, it is important that our services work well across a range of mobile operating systems, networks, mobile devices and

standards that we do not control. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices and standards. In the event that it is difficult for our users to access and use our services, particularly on their mobile devices, our user growth and user engagement could be harmed, and our business and operating results could be adversely affected. Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our business operations may be severely disrupted if we lose their services. Our future success depends substantially on the continued efforts of our executive officers and key employees. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Since our industry is characterized by high demand and intense competition for talents, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, as the Company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business which may materially and adversely affect our ability to grow our business and hence our results of operations. If any of our executive officers and key employees terminates their services with us, our business may be severely disrupted, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose users and creators, know-how and key professionals and staff members. Certain of our executive officers and key employees have entered into a non-solicitation and non-competition agreements with us. However, certain provisions under the non-solicitation and non-competition agreement may be deemed legally invalid or unenforceable. If any dispute arises between our executive officers and us, we cannot assure you that we would be able to enforce these non-compete agreements. Our business is affected by seasonal demands, and our financial condition and results of operations will fluctuate from quarter to quarter, which makes our financial results difficult to predict and may not fully reflect our underlying performance. Historically, our business has been highly seasonal, with the highest percentage of our revenues occurring in the second half of the fiscal year, with the fourth quarter typically representing our highest revenue quarter each year, when advertising spending is typically strongest due to the holiday seasons, and we expect this trend to continue. ~~For example, our revenue for the quarters ending September 30, 2023 and December 31, 2023 represented approximately 29% and 38% of our bookings for Fiscal Year 2023, respectively.~~ We may also experience fluctuations due to factors that may be outside of our control that affect user, developer, or creator engagement with our Platform. Accordingly, our quarterly results of operations have fluctuated in the past and will fluctuate in the future, both based on the seasonality of our business as well as external factors impacting the global economy, our industry and our company, including, but not limited to our ability to maintain and grow our customer base, customer engagement, developer base and developer engagement; the level of demand for our service offerings; the ability of our developers to monetize their experiences; increased competition; our pricing model; the maturation of our business; our ability to introduce new revenue streams; legislative or regulatory changes; macroeconomic conditions, such as high inflation, recessionary or uncertain environments, and fluctuating foreign currency exchange rates; our ability to maintain operating margins, cash used in operating activities, and free cash flow; system failures or actual or perceived breaches or other incidents relating to privacy or cybersecurity; adverse litigation judgments, settlements, or other litigation and dispute-related costs; adverse media coverage or unfavorable publicity; the effectiveness of our internal control over financial reporting; changes in our effective tax rate; and changes in accounting standards, policies, guidance, interpretations, or principles. As a result, you should not rely on our past quarterly results of operations as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving market segments. We plan to continue to make acquisitions and pursue other strategic transactions, which could require significant management attention, disrupt our business, dilute our stockholders, impact our financial condition or results of operations, significantly harm our business, and adversely affect the price of our common stock. As part of our business strategy, we have made and intend to continue to make acquisitions to add specialized employees and complementary companies, products, or technologies, and from time to time may enter into other strategic transactions such as investments and joint ventures. We may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions or other strategic transactions on favorable terms, or at all, including as a result of regulatory challenges. The pursuit of potential acquisitions may divert the attention of management and cause us to incur significant expenses related to identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated. In some cases, the costs of such acquisitions or other strategic transactions may be substantial, and there is no assurance that we will realize expected synergies from future growth and potential monetization opportunities for our acquisitions or a favorable return on investment for our strategic investments. Furthermore, our acquisition strategy may not succeed if we are unable to remain attractive to target companies or expeditiously close transactions. If we develop a reputation for being a difficult acquirer or having an unfavorable work environment, or if target companies view our common stock unfavorably, we may be unable to consummate key acquisition transactions essential to our corporate strategy and our business may be significantly harmed. We may pay substantial amounts of cash or incur debt to pay for acquisitions or other strategic transactions, which has occurred in the past and could adversely affect our liquidity. The incurrence of indebtedness would also result in increased fixed obligations and increased interest expense, and could also include covenants or other restrictions that would impede our ability to manage our operations. We may also issue equity securities to pay for acquisitions and may grant stock options or other equity awards to retain the employees of acquired companies, which could increase our expenses, adversely affect our financial results, and result in dilution to our stockholders. In addition, any acquisitions or other strategic transactions we announce could be viewed negatively by users, marketers, developers, or investors, which may adversely affect our business or the price of our common stock. We may also discover liabilities, deficiencies, or other claims associated with the companies or assets we acquire that were not identified in advance, which may result in significant unanticipated costs. The effectiveness of our due diligence review and our ability to evaluate the results of such due diligence are dependent upon the

accuracy and completeness of statements and disclosures made or actions taken by the companies we acquire or their representatives, as well as the limited amount of time in which acquisitions are executed. In addition, we may not successfully evaluate or use the acquired products, technology, and personnel, or accurately forecast the financial impact of an acquisition or other strategic transaction, including tax and accounting charges which could be recognized as a current period expense. Furthermore, it generally takes several months after the closing of an acquisition to finalize the purchase price allocation. Therefore, it is possible that our valuation of an acquisition may change and result in unanticipated write-offs or charges, impairment of our goodwill, or a material change to the fair value of the assets and liabilities associated with a particular acquisition, any of which would affect our **consolidated** balance sheet and could significantly harm our business. Acquisitions or other strategic transactions may also result in our recording of significant additional expenses to our results of operations and recording of substantial finite-lived intangible assets on our **consolidated** balance sheet upon closing. Any of these factors may adversely affect our financial condition or results of operations.

~~We may experience difficulties in integrating the operations of Melon into our business and in realizing the expected benefits of the Melon Acquisition. The success of the Melon Acquisition will depend in part on our ability to realize the anticipated business opportunities from combining the operations of the Melon Assets with our business in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company's ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, employees or other third parties, or our ability to achieve the anticipated benefits of the Melon Acquisition, and could harm our financial performance. If we are unable to successfully or timely integrate the operations of the Melon Assets with our business, we may incur unanticipated liabilities and be unable to realize the revenue growth, synergies and other anticipated benefits resulting from the Melon Acquisition, and our business, results of operations and financial condition could be materially and adversely affected. The Melon Acquisition will present challenges associated with integrating operations, personnel, and other aspects of the companies and the potential assumption of liabilities that may exist and which may be known or unknown by the Company. The results of the Company following the Melon Acquisition will depend in part upon the Company's ability to integrate Melon's business with the Company's business in an efficient and effective manner. The Company's attempt to integrate Melon's assets into the Company, two companies that have previously operated independently, may result in significant challenges, and the Company may be unable to accomplish the integration smoothly or successfully. In particular, the necessity of coordinating geographically dispersed organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration may require the dedication of significant management resources, which may temporarily distract management's attention from the day-to-day operations of the businesses of the Company. In addition, the Company may adjust the way in which Melon or the Company has conducted its operations and utilized its assets, which may require retraining and development of new procedures and methodologies. The process of integrating operations and making such adjustments after the Melon Acquisition could cause an interruption of, or loss of momentum in, the activities of one or more of Company's or Melon's businesses and the loss of key personnel. Employee uncertainty, lack of focus, or turnover during the integration process may also disrupt the business of the Company. Any inability of management to integrate the operations of the Company and Melon successfully could have a material adverse effect on the business and financial condition of the combined company. In addition, the Melon Acquisition will subject the Company to contractual or other obligations and liabilities associated with the Melon Assets, some of which may be unknown. Although the Company and its legal and financial advisors have conducted due diligence on Melon and its business, there can be no assurance that the Company is aware of all obligations and liabilities of Melon related to the Melon Assets. These liabilities, and any additional risks and uncertainties related to Melon's business and to the Melon Acquisition not currently known to the Company or that the Company may currently be aware of, but that prove to be more significant than assessed or estimated by the Company, could negatively impact the business, financial condition, and results of operations of the combined company following consummation of the Melon Acquisition. We may not be able to successfully integrate our acquisitions and we may incur significant costs to integrate and support the companies we acquire. The integration of companies or assets we acquire requires significant time and resources, particularly with respect to companies that have significant operations or that develop products where we do not have prior experience, and we may not manage these processes successfully. We continue to make substantial investments of resources to support our acquisitions, which has in the past resulted, and we expect will in the future result, in significant ongoing operating expense and the diversion of resources and management attention from other areas of our business. We cannot assure you that these investments will be successful. If we fail to successfully integrate the companies we acquire, we may not realize the benefits expected from the transaction and our business may be harmed. We may encounter significant difficulties integrating acquired businesses. The integration of any businesses is a complex, costly and time-consuming process. As a result, we have devoted, and will continue to devote, significant management attention and resources to integrating acquired businesses. The failure to meet the challenges involved in integrating businesses and to realize the anticipated benefits of any acquisition could cause an interruption of, or a loss of momentum in, the activities of our combined business and could adversely affect our results of operations. The difficulties of combining acquired businesses with our own include, among others:~~

- the diversion of management attention to integration matters;
- difficulties in integrating functional roles, processes and systems, including accounting systems;
- challenges in conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the two companies;
- difficulties in assimilating, attracting and retaining key personnel;
- challenges in keeping existing clients and obtaining new clients;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from an acquisition;
- difficulties in managing the expanded operations of a significantly larger and more complex business;
- contingent liabilities, including contingent tax liabilities or litigation, that may be larger than expected; and
- potential unknown liabilities, adverse consequences or unforeseen increased expenses associated with an acquisition,

including possible adverse tax consequences to the combined business pursuant to changes in applicable tax laws or regulations. Many of these factors are outside of our control, and any one of them could result in increased costs, decreased expected revenues and diversion of management time and energy, all of which could adversely impact our business and results of operations. These difficulties have been enhanced further as a result of our office closures and work- from home policies, which may hinder the assimilation of key personnel. If we are not able to successfully integrate an acquisition, if we incur significantly greater costs to achieve the expected synergies than we anticipate or if activities related to the expected synergies have unintended consequences, our business, financial condition or results of operations could be adversely affected. The preparation of our financial statements involves the use of good faith estimates, judgments and assumptions, and our financial statements may be materially affected if such good faith estimates, judgments or good faith assumptions prove to be inaccurate. Financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“ GAAP ”) typically require the use of good faith estimates, judgments and assumptions that affect the reported amounts. Often, different estimates, judgments and assumptions could reasonably be used that would have a material effect on such consolidated financial statements, and changes in these estimates, judgments and assumptions may occur from period to period over time. Significant areas of accounting requiring the application of management’ s judgment include, but are not limited to, determining the fair value of assets, share- based compensation and the timing and amount of cash flows from assets. These estimates, judgments and assumptions are inherently uncertain and, if our estimates were to prove to be wrong, we would face the risk that charges to income or other financial statement changes or adjustments would be required. Any such charges or changes would require a restatement of our consolidated financial statements and could harm our business, including our financial condition and results of operations and the price of our securities. See “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” for a discussion of the accounting estimates, judgments and assumptions that we believe are the most critical to an understanding of our consolidated financial statements and our business. We are currently dependent on certain game publishers and online game platforms for a substantial portion of our revenue. In the event such publishers or online platforms change their terms and conditions impacting our ability to deploy advertising campaigns on their platforms, or otherwise engage in direct- to- consumer offers, our business, growth prospects and financial condition could be adversely affected. We currently generate a substantial portion of our revenue from in- game platform advertising and direct to consumer offers, including digital subscriptions, in- game digital goods, and gameplay access fees, on various metaverse gaming platforms. Additional revenue is generated through our owned and operated properties, along with properties we operate on behalf of others. In the event such game publishers or online game platforms change their current terms and conditions in a manner that limits our ability to deploy advertising campaigns or otherwise engage in direct- to- consumer offers through our partner’ s metaverse gaming platforms, or our owned and operated properties, our business, growth prospects and financial condition could be adversely affected.

Regulatory and Legal Risk Factors Our business is subject to regulation, and changes in applicable regulations may negatively impact our business. We are subject to a number of foreign and domestic laws and regulations that affect companies conducting business on the Internet. In addition, laws and regulations relating to user privacy, data collection, retention, electronic commerce, virtual items and currency, consumer protection, content, advertising, localization, and information security have been adopted or are being considered for adoption by many jurisdictions and countries throughout the world. These laws could harm our business by limiting the products and services we can offer consumers or the manner in which we offer them. The costs of compliance with these laws may increase in the future as a result of changes in interpretation. Furthermore, any failure on our part to comply with these laws or the application of these laws in an unanticipated manner may harm our business and result in penalties or significant legal liability. In addition, we include modes in our platform that allow players to compete against each other. Although we structure and operate these skill- based competitions with applicable laws in mind, our skill- based competitions in the future could become subject to evolving rules and regulations and expose us to significant liability, penalties and reputational harm. Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our earnings and adversely affect our operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, on December 22, 2017, tax legislation was signed into law that contained many significant changes to the U. S. tax laws. The new legislation reduced the corporate income tax rate from 34 % to 21 % effective January 1, 2018, resulting in our deferred income tax assets and liabilities, including NOLs, to be measured using the new rate as reflected in the valuation of these assets as of December 31, 2017. As a result, the value of our deferred tax assets decreased by approximately \$ 4. 3 million, and the related valuation allowance has been reduced by the same amount. Our analysis and interpretation of this legislation is ongoing. Given the full valuation allowance provided for net deferred tax assets for the periods presented herein, the change in tax law did not have a material impact on our consolidated financial statements provided herein. There may, however, be additional tax impacts identified in subsequent fiscal periods in accordance with subsequent interpretive guidance issued by the SEC or the Internal Revenue Service. Further, there may be other material adverse effects resulting from the legislation that we have not yet identified. No estimated tax provision has been recorded in the consolidated financial statements included herein for tax attributes that are incomplete or subject to change. The foregoing items could have a material adverse effect on our business, cash flow, financial condition or results of operations. In addition, it is unclear how these U. S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. The impact of this tax legislation on holders of our common stock is also uncertain and could be adverse. We urge our stockholders and investors to consult with our legal and tax advisors with respect to this legislation and the potential tax consequences of investing in or holding our common stock. Our online activities are subject to various laws and regulations relating to privacy and child protection, which, if violated, could subject us to an increased risk of litigation and regulatory

actions. In addition to our platform, we use third- party applications, websites, and social media platforms to promote our service offerings and engage users, as well as monitor and collect certain information about users in our online forums. A variety of laws and regulations have been adopted in recent years aimed at protecting children using the internet such as the Children’s Online Privacy and Protection Act of 1998 (“ COPPA ”). COPPA sets forth, among other things, a number of restrictions on what website operators can present to children under the age of 13 and what information can be collected from them. COPPA is of particular concern to us, and in an effort to minimize our risk of potential exposure, we retained a COPPA expert as a consultant and have posted a compliant privacy policy, terms of use and various other policies on our website. We undertake significant effort to implement certain precautions to ensure that access to our platform is COPPA compliant. Despite our efforts, no assurances can be given that such measures will be sufficient to completely avoid exposure and COPPA violations, any of which could expose us to significant liability, penalties, reputational harm and loss of revenue, among other things. The laws and regulations concerning data privacy are continually evolving. Failure to comply with these laws and regulations could harm our business. Consumers are able to access our service offerings online through our platform. We collect and store information about our consumers both personally identifying and non- personally identifying information. Numerous federal, state and international laws address privacy, data protection and the collection, storing, sharing, use, disclosure and protection of personally identifiable information and other user data. Numerous states already have, and are looking to expand, data protection legislation requiring companies like ours to consider solutions to meet differing needs and expectations of creators and attendees. Outside the United States, personally identifiable information and other user data is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of information that is collected, processed and transmitted in or from the governing jurisdiction. Foreign data protection, privacy, information security, user protection and other laws and regulations are often more restrictive than those in the United States. In particular, the European Union and its member states traditionally have taken broader views as to types of data that are subject to privacy and data protection laws and regulations and have imposed greater legal obligations on companies in this regard. For example, in April 2016, European legislative bodies adopted the GDPR, which became effective on May 25, 2018. The GDPR applies to any company established in the European Union as well as to those outside of the European Union if they collect and use personal data in connection with the offering of goods or services to individuals in the European Union or the monitoring of their behavior. The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements and onerous new obligations on service providers. Non- compliance with the GDPR may result in monetary penalties of up to € 20 million or 4 % of annual worldwide revenue, whichever is higher. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of personal data could greatly increase our cost of providing our products and services or even prevent us from offering certain services in jurisdictions in which we operate. The European Commission is also currently negotiating a new ePrivacy Regulation that would address various matters, including provisions specifically aimed at the use of cookies to identify an individual’s online behavior, and any such ePrivacy Regulation may provide for new compliance obligations and significant penalties. Any of these changes to European Union data protection law or its interpretation could disrupt and / or harm our business. On June 23, 2016, the United Kingdom (“ U. K. ”) held a referendum in which voters approved an exit from the European Union, commonly referred to as “ Brexit. ” This decision created an uncertain political and economic environment, especially in regard to regulation of data protection, in the U. K. and other European Union countries, and the formal process for leaving the European Union has taken years to complete. The U. K. formally left the European Union on January 31, 2020 and began a transition period which expired on December 31, 2020. In particular, while the U. K. has implemented legislation that implements and complements the GDPR, with penalties of noncompliance of up to the greater of £ 17. 5 million or four percent of worldwide revenues, it is unclear how data transfers to and from the United Kingdom will be regulated. The interpretation and application of many privacy and data protection laws are, and will likely remain, uncertain, and it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or product features. Although player interaction on our platform is subject to our privacy policies, end user license agreements (“ EULAs ”), and terms of service, if we fail to comply with our posted privacy policies, EULAs, or terms of service, or if we fail to comply with existing privacy- related or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, impact our financial condition and / or harm our business. In addition to government regulation, privacy advocacy and industry groups may propose new and different self- regulatory standards that either legally or contractually apply to us. Any inability to adequately address privacy, data protection and data security concerns or comply with applicable privacy, data protection or data security laws, regulations, policies and other obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and harm our business. Further, our failure, and / or the failure by the various third- party service providers and partners with which we do business, to comply with applicable privacy policies or federal, state or similar international laws and regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in the unauthorized release of personally identifiable information or other user data, or the perception that any such failure or compromise has occurred, could damage our reputation, result in a loss of creators or attendees, discourage potential creators and attendees from trying our platform and / or result in fines and / or proceedings by governmental agencies and / or users, any of which could have an adverse effect on our business, results of operations and financial condition. In addition, given the breadth and depth of changes in data protection obligations, ongoing compliance with evolving interpretation of the GDPR and other regulatory requirements requires time and resources and a review of the technology and systems currently in use against the requirements

of GDPR and other regulations. We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users. Our interactive live streaming platform enables users and creators to exchange information and engage in various other online activities. Although we require our users and creators to register their real name, we do not require user identifications used and displayed while using the platform to contain any real-name information, and hence we are unable to verify the sources of all the information posted by our users and creators. In addition, because a majority of the communications on our online and in person platform is conducted in real time, we are unable to examine the content generated by users and creators before they are posted or streamed. Therefore, it is possible that users and creators may engage in illegal, obscene or incendiary conversations or activities, including publishing of inappropriate or illegal content that may be deemed unlawful. If any content on our platform is deemed illegal, obscene or incendiary, or if appropriate licenses and third-party consents have not been obtained, claims may be brought against us for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of the information delivered on or otherwise accessed through our platform. Moreover, the costs of compliance may continue to increase when more content is made available on our platform as a result of our growing base of users and creators, which may adversely affect our results of operations. Intensified government regulation of the Internet industry could restrict our ability to maintain or increase the level of traffic to our platform as well as our ability to capture other market opportunities. The Internet industry is increasingly subject to strict scrutiny. New laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. We may not timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future. We also cannot assure you that we will be able to obtain the required licenses or approvals if we plan to expand into other Internet businesses. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, which may disrupt our business operations or derail our business strategy, and materially and adversely affect our business, financial condition and results of operations. From time to time we may become involved in legal proceedings. From time to time we may become subject to legal proceedings, claims, litigation and government investigations or inquiries, which could be expensive, lengthy, disruptive to normal business operations and occupy a significant amount of our employees' time and attention. In addition, the outcome of any legal proceedings, claims, litigation, investigations or inquiries may be difficult to predict and could have a material adverse effect on our business, operating results, or financial condition.

Risks Related to Intellectual Property We may be subject to claims of infringement of third-party intellectual property rights. From time to time, third parties may claim that we have infringed their intellectual property rights. For example, patent holding companies may assert patent claims against us in which they seek to monetize patents they have purchased or otherwise obtained. Although we take steps to avoid knowingly violating the intellectual property rights of others, it is possible that third parties still may claim infringement. Existing or future infringement claims against us, whether valid or not, may be expensive to defend and divert the attention of our employees from business operations. Such claims or litigation could require us to pay damages, royalties, legal fees and other costs. We also could be required to stop offering, distributing or supporting our platform, service offerings, or other features or services which incorporate the affected intellectual property rights, redesign products, features or services to avoid infringement, or obtain a license, all of which could be costly and harm our business. In addition, many patents have been issued that may apply to potential new modes of delivering, playing or monetizing interactive entertainment software products and services, such as those offered on our platform or that we would like to offer in the future. We may discover that future opportunities to provide new and innovative services to users and creators may be precluded by existing patents that we are unable to license on reasonable terms. Our technology, content and brands are subject to the threat of piracy, unauthorized copying and other forms of intellectual property infringement. We regard our technology, content and brands as proprietary and take measures to protect our technology, content and brands and other confidential information from infringement. Piracy and other forms of unauthorized copying and use of our technology, content and brands are persistent, and policing is difficult. Further, the laws of some countries in which our products are or may be distributed either do not protect our intellectual property rights to the same extent as the laws of the United States or are poorly enforced. Legal protection of our rights may be ineffective in such countries. In addition, although we take steps to enforce and police our rights, factors such as the proliferation of technology designed to circumvent the protection measures used by our business partners or by us, the availability of broadband access to the Internet, the refusal of Internet service providers or platform holders to remove infringing content in certain instances, and the proliferation of online channels through which infringing product is distributed all have contributed to an expansion in unauthorized copying of our technology, content and brands. Third parties may register trademarks or domain names or purchase internet search engine keywords that are similar to our registered trademark or pending trademarks, brands or websites, or misappropriate our data and copy our platform, all of which could cause confusion, divert users and creators away from our platform and service offerings, or harm our reputation. Competitors and other third parties may purchase (i) trademarks that are similar to our trademarks and (ii) keywords that are confusingly similar to our brands or websites in Internet search engine advertising programs and in the header and text of the resulting sponsored links or advertisements in order to divert users and creators from us to their websites. Preventing such unauthorized use is inherently difficult. If we are unable to prevent such unauthorized use, competitors and other third parties may continue to drive potential users and creators away from our platform to competing, irrelevant or potentially offensive platforms, which could harm our reputation and cause us to lose revenue. We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position. We regard our registered trademark and pending trademarks, service marks, pending patents, domain names, trade secrets, proprietary technologies and similar intellectual property as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our proprietary rights. We have invested significant resources to develop our own intellectual property and acquire licenses to use and distribute the intellectual property of others on our platform. Failure to maintain or protect these rights could harm our

business. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation. Policing unauthorized use of proprietary technology is difficult and expensive. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. Further, we require every employee and consultant to execute proprietary information and invention agreements prior to commencing work. Despite our efforts to protect our proprietary rights, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and we cannot assure you that the steps we have taken will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources. Our patent and trademark applications may not be granted and our patent and trademark rights, once patents are issued and trademarks are registered, may be contested, circumvented, invalidated or limited in scope, and our patent and trademark rights may not protect us effectively once issued and registered, respectively. In particular, we may not be able to prevent others from developing or exploiting competing technologies and trademarks, which could have a material and adverse effect on our business operations, financial condition and results of operations. Currently, we have one patent application pending, and 187 registered trademarks, along with certain licenses from game publishers to utilize their proprietary games. For our pending patent application, we cannot assure you that we will be granted patents pursuant to our pending applications as well as future patent applications we intend to file. Even if our patent applications succeed, it is still uncertain whether these patents will be contested, circumvented or invalidated in the future. In addition, the rights granted under any issued patents may not provide us with sufficient protection or competitive advantages. The claims under any patents that issue from our patent applications may not be broad enough to prevent others from developing technologies that are similar or that achieve results similar to ours. It is also possible that the intellectual property rights of others will bar us from licensing and from exploiting any patents that issue from our pending applications. Numerous U. S. and foreign issued patents and pending patent applications owned by others exist in the fields in which we have developed and are developing our technology. These patents and patent applications might have priority over our patent applications and could subject our patent applications to invalidation. Finally, in addition to those who may claim priority, any of our pending patent and trademark applications may also be challenged by others on the basis that they are otherwise invalid or unenforceable. **We have a significant amount of fixed obligations and indebtedness and we have incurred, and may incur in the future, significant additional debt, that could impair our liquidity and thereby harm our business, results of operations and financial condition. As of December 31, 2024, we have an aggregate principal amount of indebtedness of approximately \$ 4. 7 million, which consists of borrowings under (i) that certain Business Loan and Security Agreement with Agile Capital Funding, LLC, and Agile Lending, LLC (the “ Agile Agreement ”), (ii) that certain Note Purchase Agreement with a non- employee member of the board of directors of the Company (the “ Director Agreement ”), (iii) that certain unsecured promissory note issued by the Company to the Founders (as defined at Note 5, “ Acquisitions ” elsewhere herein) in connection with the remaining Super Biz Second Earn Out Period accrued contingent consideration outstanding and (iv) that certain Financing and Security Agreement with SLR Digital Finance, LLC (the “ SLR Agreement ”, and collectively with the Agile Agreement and Director Agreement, the “ Loan Agreements ”). In addition, we have entered into additional debt agreements as described at Note 12 to the consolidated financial statements. Our ability to pay the fixed and other costs associated with our contractual obligations will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, market volatility, weakening or improvement in the U. S. economy, as well as general economic and political conditions and other factors that are beyond our control. From time to time and subject to market conditions and any applicable contractual requirements, we may refinance portions of our debt, including our debt maturing in 2025, which, at current interest rates and market conditions, may negatively impact our interest expense or result in higher dilution. The amount of our fixed obligations, our obligations under our other debt arrangements, and the related need to obtain financing could have a material adverse effect on our business, results of operations and financial condition and could: • require a substantial portion of cash flow from operations for payments of principal and interest on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • limit our ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate or other expenses, or to refinance existing indebtedness; • make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to have insufficient cash flows from operations to make our scheduled payments, increasing our vulnerability to downturns and adverse developments; • reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with fewer fixed payment obligations or which are subject to fewer limitations or restrictions; and • limit our ability to pay dividends and repurchase shares. A failure to pay our debt and other fixed cost obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease or debt payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition. Despite our current indebtedness levels, we may incur additional indebtedness in the future, which could further increase the risks associated with our leverage and exacerbate the risks described above, especially in the current interest rate environment. We may be able to incur substantial additional indebtedness in the future, subject to compliance with certain covenants in the Loan Agreements. While our debt agreements do prohibit us from incurring additional unsecured indebtedness or certain secured indebtedness (subject to**

certain carve-outs as specified in the underlying agreements), our creditors can waive such prohibitions. If our creditors agree to waive such prohibitions and such additional indebtedness is incurred in the future, our debt service obligations will increase. The more leveraged we become, the more we will be exposed to the risks created by our current substantial indebtedness. To the extent that the terms of our current or future debt agreements would prevent us from incurring additional indebtedness, we may be able to obtain amendments to those agreements that would allow us to incur such additional indebtedness, and such additional indebtedness could be material. Should we incur additional debt or such other obligations, the risks associated with our substantial debt described herein, including our possible inability to service and meet our debt or other obligations, would increase. Changing interest rates may have unpredictable effects on markets, may result in heightened market volatility and may detract from our performance to the extent we are exposed to such interest rates and / or volatility. In periods of rising interest rates, such as the current interest rate environment, to the extent we borrow money subject to a floating interest rate, our operating costs would increase, which could reduce our net income. For additional information, refer to Note 6, "Debt" elsewhere herein. Restrictive covenants in our Loan Agreements may limit our financial and operating flexibility, which may adversely affect our business and liquidity. Furthermore, the Loan Agreements provide our lenders with a first- priority lien against substantially all of our assets which, in the event of a default, would adversely affect our results of operations. The Loan Agreements governing our indebtedness contain certain restrictions, which may have adverse effects on our business, financial condition or results of operations. Such restrictions include a number of covenants that limit our and our subsidiaries' ability to, among other things, incur additional indebtedness, materially change our business, convey, sell, lease, transfer or dispose of the business or our property, except under certain circumstances, merge or consolidate with other companies or acquire other companies, create or incur liens, pay any dividends on our common stock, make certain investments and engage in certain other activities. As a result of these restrictions, we may be limited in how we conduct our business, in our ability to compete effectively or in our ability to implement changes or take advantage of business opportunities- including by making strategic acquisitions, investments or alliances, restructuring our organization or financing capital needs- that would be in our interest. We may also be unable to raise additional indebtedness or equity financing to operate during general economic or business downturns. While we were in compliance with our debt covenants as of December 31, 2024, we may not be able to maintain compliance with the covenants in the future. A failure by us to comply with the covenants or payment requirements specified in the Loan Agreements could result in an event of default under the agreement, which would give the lender the right to declare any and all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lender would have the right to proceed against the collateral in which we granted a security interest to them, which consists of substantially all our assets. If the debt under our Loan Agreements were to be accelerated, we will likely not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which would adversely affect our cash flows, business, results of operations and financial condition. Further, the terms of any new or additional financing may be on terms that are more restrictive or on terms that are less desirable to us. Any of the foregoing actions could have a material adverse effect on our business, financial condition, results of operations and liquidity. We have substantial indebtedness and may not be able to generate sufficient cash to service all of our indebtedness, and may be forced to take other actions to satisfy the obligations under our indebtedness, which may not be successful. Our earnings and cash flow could vary significantly from year to year due to the nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and other commitments at that time. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt obligations. Many of these factors, such as access to capital, economic and financial conditions in our industry and the global economy and initiatives of our competitors, are beyond our control as discussed in this "Risk Factors" section. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. Payment of interest on, and repayment of principal of, our indebtedness is dependent in part on cash flow generated by our subsidiaries. Payment of interest on, and repayment of, principal of our indebtedness will be dependent in part upon cash flow generated by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment, or otherwise. Our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness. In addition, any payment of interest, dividends, distributions, loans, or advances by our subsidiaries to us could be subject to restrictions on dividends or repatriation of distributions under applicable local law, monetary transfer restrictions, and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate or under arrangements with local partners. Furthermore, the ability of our subsidiaries to make such payments of interest, dividends, distributions, loans, or advances may be contested by taxing authorities in the relevant jurisdictions. We may be unable to refinance our debt on terms favorable to us or at all, which would negatively impact our business and financial condition. We are subject to risks normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest. While we may refinance all or some of our indebtedness before it matures, there can be no assurance that we will be able to refinance any maturing indebtedness, that such refinancing will be on terms as favorable to us as the terms of the maturing indebtedness or, if the indebtedness cannot

be refinanced, that we will be able to otherwise obtain funds by selling assets or raising equity to make required payments on our maturing indebtedness. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. If we are unable to refinance our indebtedness at or before maturity or otherwise meet our payment obligations, our business and financial condition will be negatively impacted, and we may be in default under our indebtedness. Any default under our Loan Agreements would permit lenders to foreclose on our assets, which may also result in the acceleration of that indebtedness. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources.”

Governance Risks and Risks Related to our Common Stock

We received a notice from Nasdaq that our common stock may be delisted from trading on the Nasdaq Capital Market if we fail to comply with the continued listing requirements, including the minimum bid price requirement **and annual meeting requirement**. A delisting of our common stock is likely to reduce the liquidity of our common stock and may inhibit or preclude our ability to raise additional financing. We are required to comply with certain Nasdaq continued listing requirements, including a minimum bid price for our common stock, as well as a series of financial tests relating to stockholder equity, market value of listed securities and number of market makers and stockholders. If we fail to maintain compliance with any of those requirements, our common shares could be delisted from Nasdaq. On ~~October 4, 2022~~ **January 2, 2022-2025**, we received a letter (the “~~Notice-Bid Price Letter~~”) from the Listing Qualifications Staff of Nasdaq, indicating that, based upon the closing bid price of ~~our the Company’s common stock~~ **Common stock-Stock**, for the ~~prior last~~ **last** 30 consecutive business days, ~~were the Company is~~ **not currently** in compliance with the requirement to maintain a minimum bid price of \$ 1.00 per share for continued listing on the Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550 (a) (2). **On January 3, 2025, the Company received a letter (the “Annual Meeting Letter”) from Nasdaq indicating that the Company no longer complies with Listing Rule 5620 (a) (the “Annual Meeting Rule”) since it did not hold an annual meeting of stockholders within twelve months of the end of the Company’s fiscal year ended December 31, 2023. The Company intends to monitor the closing bid price of its Common Stock.** To regain compliance **with Nasdaq Listing Rule 5550 (a) (2)**, the closing bid price of ~~our the Company’s common stock~~ **Common stock-Stock** must be at least \$ 1.00 per share for 10 consecutive business days (the “~~Minimum Bid Price Requirement~~”) during the 180- day period from ~~October 4, 2022~~ **January 2, 2022-2025** to ~~April 3, 2023~~ **July 1, 2023-2025**. On ~~April 4, 2023~~ **April 4, 2023-2025**, we received a letter (the “~~Extension Notice~~”) from Nasdaq ~~may notifying us that Nasdaq granted~~ **grant** the Company a **second** 180- day **period** extension, or until ~~October 2, 2023~~ **October 2, 2023** to regain compliance with the ~~Minimum Bid Price Requirement~~. On ~~September 7, 2023~~ **September 7, 2023** **To qualify for this additional 180- day compliance period**, the Company ~~effected~~ **would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for the Nasdaq Capital Market, other than the minimum bid price requirement. In addition, the Company would also be required to notify Nasdaq of its intent to cure the minimum bid price deficiency by effecting a reverse stock split of, if necessary. If the Company does not regain compliance within the allotted compliance periods, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that the Company’s issued and outstanding shares of common** ~~Common stock-Stock~~ **Common stock-Stock**, at will be subject to delisting. The Company would then be entitled to appeal that determination to a **Nasdaq hearings panel** ratio of 1 for 20 (the “~~Reverse Split~~”). **To** As a result of the Reverse Split, the Company ~~regained~~ **regain** compliance with the ~~Annual Meeting Rule~~ **Minimum Bid Price Requirement**. On ~~September 25, 2023~~ **September 25, 2023**, we received ~~the Company prepared and submitted~~ **a written plan of compliance (due within 45 calendar days from receipt of the formal notice) to Nasdaq of which we are awaiting a response** from Nasdaq ~~informing the Company~~. **There is no guaranty** that it has ~~regained~~ **Nasdaq will accept our plan of** compliance with the ~~Minimum Bid Price Requirement for continued listing on the Nasdaq Capital Market~~. If, for any reason, Nasdaq should delist our common stock from trading on its exchange and we are unable to obtain listing on another national securities exchange or take action to restore our compliance with the Nasdaq continued listing requirements, a reduction in some or all of the following may occur, each of which could have a material adverse effect on our stockholders: ● the liquidity of our common stock; ● the market price of our common stock; ● we will become a “ penny stock ”, which will make trading of our common stock much more difficult; ● our ability to obtain financing for the continuation of our operations; ● the number of institutional and general investors that will consider investing in our common stock; ● the number of investors in general that will consider investing in our common stock; ● the number of market makers in our common stock; ● the availability of information concerning the trading prices and volume of our common stock; and ● the number of broker- dealers willing to execute trades in shares of our common stock. Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine shall be a state or federal court located within the State of Delaware, in all cases subject to the court’s having personal jurisdiction over indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to this provision. The forum selection clause in our amended and restated bylaws may have the effect of discouraging lawsuits against us or our directors and officers and may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. Because the applicability of the exclusive forum provision is limited to the extent permitted by law, we believe that the exclusive forum provision would not apply to suits brought to enforce any duty or liability created by the Securities Exchange Act of 1934, as amended (the “ Exchange Act ”), the

Securities Act of 1933, as amended (the “ Securities Act ”), any other claim for which the federal courts have exclusive jurisdiction or concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act. We note that there is uncertainty as to whether a court would enforce the provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. Although our common stock is listed on the Nasdaq Capital Market, our shares are likely to be thinly traded for some time and an active market may never develop. Although our common stock is listed on the Nasdaq Capital Market, it is likely that initially there will be a very limited trading market for our common stock, and we cannot ensure that a robust trading market will ever develop or be sustained. Our shares of common stock may be thinly traded, and the price, if traded, may not reflect our actual or perceived value. There can be no assurance that there will be an active market for our shares of common stock in the future. The market liquidity will be dependent on the perception of our operating business, competitive forces, state of the live stream and gaming industry, growth rate and becoming cash flow profitable on a sustainable basis, among other things. We may, in the future, take certain steps, including utilizing investor awareness campaigns, press releases, road shows, and conferences to increase awareness of our business and any steps that we might take to bring us to the awareness of investors may require we compensate financial public relations firms with cash and / or stock. There can be no assurance that there will be any awareness generated or the results of any efforts will result in any impact on our trading volume. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business and trading may be at an inflated price relative to the performance of our company due to, among other things, availability of sellers of our shares. If a market should develop, the price may be highly volatile. Because there may be a low price for our shares of common stock, many brokerage firms or clearing firms may not be willing to effect transactions in the securities or accept our shares for deposit in an account. Even if an investor finds a broker willing to effect a transaction in the shares of our common stock, the combination of brokerage commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of low- priced shares of common stock as collateral for any loans. Our stock price may be volatile, and you could lose all or part of your investment. The trading price of our common stock may fluctuate substantially and may be higher or lower than the initial public offering price. This may be especially true for companies with a small public float. The trading price of our common stock will depend on several factors, including those described in this “ Risk Factors ” section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include: ● changes to our industry, including demand and regulations; ● we may not be able to compete successfully against current and future competitors; ● competitive pricing pressures; ● our ability to obtain working capital financing as required; ● additions or departures of key personnel; ● sales of our common stock; ● our ability to execute our business plan; ● operating results that fall below expectations; ● loss of any strategic relationship, sponsor or licensor; ● any major change in our management; ● changes in accounting standards, procedures, guidelines, interpretations or principals; and ● economic, geo- political and other external factors. In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, as well as general economic, political and market conditions such as recessions or interest rate changes, may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly. If the market price of our common stock after our offering does not exceed what you paid per share, you may not realize any return on your investment in us and may lose some or all of your investment. In addition, in the past, following periods of volatility in the overall market and the market prices of particular companies’ securities, securities class action litigations have often been instituted against these companies. Litigation of this type, if instituted against us, could result in substantial costs and a diversion of our management’ s attention and resources. Any adverse determination in any such litigation or any amounts paid to settle any such actual or threatened litigation could require that we make significant payments. If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected. Any trading market for our common stock will be influenced in part by any research reports that securities industry analysts publish about us. We may not obtain any future research coverage by securities industry analysts. In the event we are covered by research analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage of us, the market price and market trading volume of our common stock could be negatively affected. We have not paid cash dividends in the past and do not expect to pay cash dividends on our common stock in the future. Any return on investment will likely be limited to the value of our common stock. We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our ~~board~~ **Board of directors** may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates. Since we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, stock price appreciation, if any, will be your sole source of gain. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, appreciation, if any, in the market price of our common stock will be your sole source of gain for the foreseeable future. Our issuance of additional shares of preferred stock could adversely affect the market value of our common stock, dilute the voting power of common stockholders and delay or prevent a change of control. Our ~~board~~ **Board has of** ~~directors have~~ the authority to cause us to issue, without any further vote or action by the stockholders, up to an additional 9,

960,958, 875,018 shares of preferred stock in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. As of March 14, 2024, we had the following shares of Preferred Stock outstanding: (i) 440,000 shares of Series A Convertible Preferred Stock, par value \$ 0.001 per share (the "Series A Preferred"); (ii) 463,000 shares of Series A-2 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series A-2 Preferred"); (iii) 315,000 shares of Series A-3 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series A-3 Preferred"); (iv) 476,000 shares of Series A-4 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series A-4 Preferred"); (v) 780,000 shares of Series A-5 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series A-5 Preferred"); (vi) 43,491,699 shares of Series AA Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AA Preferred"); (vii) zero shares of Series AA-2 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AA-2 Preferred"); (viii) 391,250 shares of Series AA-3 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AA-3 Preferred"); (ix) 515,500 shares of Series AA-4 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AA-4 Preferred"); (x) 550,500 shares of Series AA-5 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AA-5 Preferred"); (xi) 87,423,345 shares of Series AAA Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AAA Preferred"); and (xii) 53,234,148 shares of Series AAA-2 Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AAA-2 Preferred"); (xiii) 365 shares of Series AAA Junior Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AAA JR Preferred"); (xiv) 441 shares of Series AAA-2 Junior Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AAA-2 JR Preferred"); (xv) 697 shares of Series AAA-3 Junior Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AAA-3 JR Preferred"); and (xvi) 399 shares of Series AAA-4 Junior Convertible Preferred Stock, par value \$ 0.001 per share (the "Series AAA-4 JR Preferred"), and, collectively with the Series A Preferred, Series A-2 Preferred, Series A-3 Preferred, Series A-4 Preferred, Series A-5 Preferred, Series AA Preferred, Series AA-2 Preferred, Series AA-3 Preferred, Series AA-4 Preferred, Series AA-5 Preferred, Series AAA Preferred, and Series AAA-2 Preferred, Series AAA JR Preferred, Series AAA-2 JR Preferred, Series AAA-3 JR Preferred, and Series AAA-4 JR Preferred (the "Preferred Stock"). The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock. Further, the issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock. The issuance of shares of preferred stock may also have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares. The holders of Series A Preferred Stock are entitled to vote on an as-converted basis to common stock basis and have rights to approve certain actions. From November 2022 to December 2023, we issued an aggregate of 39,411,425,982 shares of our Preferred Stock to a group of accredited investors (collectively, the "Investors"), pursuant to certain placement agency agreements. The holders of our Preferred Stock are generally entitled to vote with the holders of our common stock on all matters submitted for a vote of our stockholders (voting together with the holders of common stock as one class) on an as-converted basis. Additionally, the consent of the holders of a majority of the outstanding shares of Preferred Stock are required in order for us to take certain actions, including issuances of securities that are senior to, or equal in priority with, the Preferred Stock. As a result, the holders of Preferred Stock may in the future have the ability to influence the outcome of certain matters affecting our governance and capitalization. As of April 1, 2024, there were approximately 2,16,474,669 shares of our Series A Preferred Stock, 5,947 shares of our Series AA Preferred, and 13,657 shares of our Series AAA Preferred outstanding, which are convertible without payment of additional consideration, into approximately 11,10,40 million shares of our common stock, subject to certain ownership limitations. The conversion of the outstanding shares of our Preferred Series A Stock into common stock would be substantially dilutive to existing stockholders. Any dilution or potential dilution may cause our stockholders to sell their shares, which may contribute to a downward movement in the stock price of our common stock. Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which would rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock. In the future, we may attempt to increase our capital resources by offering debt securities. In the event of bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common stock. Moreover, if we issue preferred stock in the future, the holders of such preferred stock could be entitled to preferences over holders of common stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred securities in any future offering, or borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. Holders of our common stock must bear the risk that any such future offerings we conduct or borrowings we make may adversely affect the level of return they may be able to achieve from an investment in our common stock. We are an "emerging growth company," and a "smaller reporting company" and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies or smaller reporting companies will make an investment in us less attractive to investors. In particular, our independent registered public accounting firm is not required to

attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We are an **a “ emerging growth smaller reporting company ”** as defined in the JOBS Act. We will remain an “ emerging growth company ” until the earliest to occur of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$ 1.07 billion, (ii) the date on which we become a “ large accelerated filer ” as defined in Rule 12b-2 under the Exchange Act, (iii) **“ Rules 12b-2 ”** the date on which we have issued more than \$ 1.0 billion in nonconvertible debt during the preceding three-year period, and (iv) the end of the year in which the five-year anniversary of the initial public offering of our common stock occurs in the future, if applicable. We may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting, and generally requires in the same report a report by our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. Under the JOBS Act, our independent registered public accounting firm will not be engaged to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until we are no longer an “ emerging growth company. ” In addition, we are also a smaller reporting company, as defined in Rule 12b-2 under the Exchange Act. In the event that we are still considered a smaller reporting company at such time as we cease being an emerging growth company, the disclosure we will be required to provide in our SEC filings will increase, but will still be less than it would be if we were not considered either an emerging growth company or a smaller reporting company. Rule 12b-2 of the Exchange Act defines a “ smaller reporting company ” as an issuer that is not an investment company, an asset-backed issuer or a majority-owned subsidiary of a parent that is not a smaller reporting company and that: 1. had a public float of less than \$ 250 million; or 2. had annual revenues of less than \$ 100 million during the most recently completed fiscal year for which audited financial statements are available and either had no public float or a public float of less than \$ 700 million. **“ Similar to emerging growth companies, smaller Smaller reporting companies ”** are able to provide simplified executive compensation disclosures in their filings **;** **are exempt from the provisions of Section 404 (b) of the Sarbanes-Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting;** and have certain other decreased disclosure obligations in their SEC filings, including, among other things, **only** being required to provide **only** two years of audited financial statements in annual reports. To the extent we take advantage of some or all of the reduced reporting requirements applicable to **emerging growth companies or smaller reporting companies**, an investment in our company may be less attractive to investors. **We Ineffective internal controls could** have identified a material weakness in **adverse effect on** our **business**, internal controls over financial reporting as of December 31, 2023, related solely to the accounting for the noncash value of the effect of a down round feature that was triggered on preferred stock during the three months ended September 30, 2023. For a discussion of management’s consideration of the material weakness identified related to our accounting for a non-standard and complex transaction related to the noncash value of the effect of a down round feature that was triggered on our Series AA preferred stock, see Note 12, as well as Part II, Item 9A: “ Controls and Procedures ” elsewhere herein. On March 26, 2024, the Audit Committee of the Board of Directors of the Company (the “ Audit Committee ”), based upon the recommendation of management, concluded that the Company’s previously filed Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 (the “ Third Quarter 10-Q ”), as filed with the SEC on November 14, 2023, and any reports, related earnings releases, investor presentations or similar communications **conditions** of the Company’s Third Quarter 10-Q should no longer be relied upon, as described below. The determination resulted from an **and** error made in the Company’s unaudited consolidated financial statements for the three and nine months ended September 30, 2023, as previously filed in the Third Quarter 10-Q, arising from the exclusion of the calculated noncash value of the effect of the down round feature triggered in August of 2023 on the Company’s Series AA Convertible Preferred Stock, which should have been recorded as a noncash charge directly to accumulated deficit and a noncash reduction to income available to common stockholders in the computation of earnings per share. In connection with the Company’s year-end 2023 closing procedures, management reassessed the guidance set forth in ASC 260, “ Earnings Per Share ” and determined that the value of the effect of a down round feature that is triggered on preferred stock should be recognized as a noncash charge to accumulated deficit and a noncash reduction to income available to common stockholders in the computation of earnings per share in the period that the down round feature is triggered. As a result **results**: (i) management noted an error affecting additional paid in capital and accumulated deficit, with no impact on total equity, and a noncash error with respect to the computation of loss per share as reported in the Third Quarter 10-Q; and (ii) in connection with the Company’s 2023 year-end closing procedures, on March 26, 2024, due to the material error to loss per share originally reported in the Third Quarter 10-Q, the Company’s management and the Audit Committee determined that the Company’s Third Quarter 10-Q should be restated to reflect the modifications described above. None of the above changes had any impact on total assets, total liabilities, total equity, revenues, cost of revenues, operating **operations** expense, net loss, or cash flows as reported for the three and nine months ended September 30, 2023 in the Company’s Third Quarter 10-Q. **Our** No financial statements or disclosures prior to the financial statements for the quarterly periods ended September 30, 2023 were affected by the issue described above. The Company has not amended its previously filed Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023. The financial information that has been previously filed or otherwise reported for the quarterly period ended September 30, 2023 is superseded by the information in this Annual Report (refer to Note 12), and the financial statements and related financial information for the quarterly period ended September 30, 2023 contained in such previously filed report should no longer be relied upon. The Company’s management concluded that, in light of the error described above, a material weakness existed in the Company’s internal control over financial reporting **may** and that the Company’s disclosure controls and procedures were not effective for the applicable quarterly period. The Company’s remediation plan with respect to such material weakness is described below under Part II, Item 9A: “ Controls and Procedures. ”

A material weakness is a deficiency, or a combination of deficiencies, in internal controls over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud, and a material weakness could result in us being unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors losing confidence in our financial reporting, our securities price declining or us facing litigation as a result of the foregoing. We have taken steps to remediate the material weakness identified, including a review of the accounting practices for non-standard and complex transactions in consultation with accounting and legal experts. These remediation measures may be time consuming and costly, and we cannot provide assurance that the measures we have taken to date, or any measures we may take in the future, will be sufficient to avoid potential future material weaknesses.

Limitations on Effectiveness of Controls and Procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving the desired control objectives. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect **misstatements because of** all errors and all fraud. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. The design of a control system must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Further, because of the inherent limitations in all control, **including the possibility of human error, failure or interruption of information technology** systems, **no evaluation the circumvention or overriding of controls, or fraud.** Even effective internal controls can provide absolute **only reasonable** assurance that **with respect to the preparation and fair presentation of financial** ~~misstatements~~ **statements due. If we fail** to error **maintain the adequacy of** ~~or our internal~~ **fraud will not occur or that all control** ~~issues and instances of fraud,~~ **including any failure to implement required new or improved controls, or if any we experience difficulties in their implementation, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC could be adversely affected. This could cause our financial reporting to be unreliable and potentially result in a restatement of our financial statements, which in turn could lead to a loss of investor confidence and a decline in the trading price of our common stock, and could subject us to investigation or sanctions by the SEC. Any such consequence or other negative effect could have a material adverse effect** ~~been detected.~~ The design of any system of controls is based in part on **our business** certain assumptions about the likelihood of future events, **financial** and there can be no assurance that any design will succeed in achieving its stated goals under all ~~potential future conditions~~ **condition, and results of operations.** We have granted, and may continue to grant, share incentive awards, which may result in increased share-based compensation expenses. We adopted our Amended and Restated 2014 Stock Option and Incentive Plan (the "2014 Plan") in October 2014, for purposes of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We account for compensation costs for all share-based awards issued under the 2014 Plan using a fair-value based method and recognize expenses in our statements of comprehensive loss in accordance with GAAP. Under the 2014 Plan, we are authorized to grant options to purchase shares of common stock of our Company, restricted share units to receive shares of common stock and restricted shares of common stock. For Fiscal Year ~~2023-2024~~ and Fiscal Year ~~2022-2023~~, we recorded share-based compensation expense of \$ **1.3 million and \$ 2.7 million and \$ 4.3 million**, respectively, primarily related to issuances and vesting of awards under the 2014 Plan. We believe the granting of share incentive awards is important to our ability to attract and retain employees, and we will continue to grant share incentive awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. Uncertainty in global economic conditions could negatively affect our business, results of operations and financial condition. We have significant intangible assets recorded on our consolidated balance sheets as of December 31, 2023. We will continue to evaluate the recoverability of the carrying amount of our intangible assets on an ongoing basis, and we may incur substantial impairment charges, which would adversely affect our consolidated financial results. There can be no assurance that the outcome of such reviews in the future will not result in substantial impairment charges. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, holding periods or other factors that may result in changes in our estimates of future cash flows. Although we believe the assumptions we used in testing for impairment are reasonable, significant changes in any one of our assumptions could produce a significantly different result. **Integration of artificial intelligence into our operations could result in reputational or competitive harm, legal liability, and other adverse effects on our business. We have integrated, and plan to further integrate, AI in our operations. Such integration and use of AI may become more important in our operations over time. These AI-related initiatives, whether successful or not, could cause us to incur substantial costs and could result in delays in our product and service offerings. Our competitors or other third parties may incorporate AI into their products or operations more quickly or more successfully than we do, which could impair our ability to compete effectively. Additionally, AI algorithms may be flawed and datasets underlying AI algorithms may be insufficient or contain biased information. If the AI tools we use in our operations produce analyses or recommendations that are or are alleged to be deficient, inaccurate, or biased, our reputation, business, financial condition, and results of operations may be adversely affected. Other companies have experienced cybersecurity incidents that implicate confidential and proprietary company data and / or the personal data of end users of AI applications integrated into their product offerings or used in their operations. If we were to experience a cybersecurity incident related to our use of AI applications in our operations, our business and results of operations could be adversely affected. AI also presents various emerging legal, regulatory and**

ethical issues, and the use of AI applications in our operations could require us to expend significant resources in developing, testing and maintaining our product and service offerings and may cause us to experience brand, reputational, or competitive harm, or incur legal liability. On October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. These restrictions may make it harder for us to conduct our business using AI, lead to regulatory fines or penalties, require us to change our business practices, or prevent or limit our use of AI. Issues in the use of AI or machine learning in our operations may result in reputational harm or liability. Our employees and personnel may use AI, including generative AI, and machine learning (“ ML ”, and collectively with AI, “ AI / ML ” technologies) technologies to perform their work. AI / ML is a potentially growing element of our business. The development and use of AI / ML present various privacy and security risks that may impact our business. AI / ML technologies are subject to privacy and data security laws, as well as increasing regulation and scrutiny. Several jurisdictions around the globe, including Europe and certain U. S. states, have proposed enacted, or are considering laws governing the development and use of AI / ML, such as the EU’ s AI Act. We expect other jurisdictions will adopt similar laws. AI / ML models such as those used in our employees and personnel’ s performance of their work may create flawed, incomplete, or inaccurate outputs, some of which may appear correct. This may happen if the inputs that the model relied on were inaccurate, incomplete or flawed (including if a bad actor “ poisons ” the model with bad inputs or logic), or if the logic of the model is flawed (a so- called “ hallucination ”). We or our customers may also use AI / ML outputs to make certain decisions. Due to these potential inaccuracies or flaws, the model could be biased and could lead us or our customers to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits or decisions that are otherwise harmful. If such AI- based outputs are deemed to be biased or otherwise harmful, we could face adverse consequences, including exposure to reputational and competitive harm, customer loss, and legal liability. Additionally, any sensitive information (including confidential, competitive, proprietary, or personal data) that we input into our own or third- party generative AI / ML models or platforms could be leaked or disclosed to others. Where AI / ML models ingest personal data or other sensitive information and make connections using such data, those technologies may reveal other personal or sensitive information generated by the model. Certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making in ways that may be incompatible with our use of AI / ML. These obligations may make it harder for us to conduct our business using AI / ML, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI / ML models, or prevent or limit our use of AI / ML technologies. For example, the FTC has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI / ML where they allege the company has violated privacy and consumer protection laws. If we cannot develop or use AI / ML or such activities are restricted, our business may be less efficient, or we may be at a competitive disadvantage. The use of AI / ML to assist us or our customers in making certain decisions may also be regulated by certain privacy laws. For additional information on risks that privacy and data protection obligations could pose to our business, see the Risk Factor titled “ The laws and regulations concerning data privacy are continually evolving. Failure to comply with these laws and regulations could harm our business. ” We operate in an intensely competitive industry, and our competitors are developing products and solutions that incorporate AI and ML. We currently do not incorporate AI / ML into our products, which could adversely affect our business and profitability. Our competitors may be larger, more diversified, better funded, and have access to more advanced technology, including AI and ML. These competitive advantages may enable our competition to innovate their products and solutions faster or better than we can, or to provide increased competition on quality and price, which could adversely affect our business and profitability. Burgeoning interest in AI / ML may increase competition and disrupt the Company’ s business model. AI / ML may lower barriers to entry in our industry and the Company may be unable to effectively compete with the products or services offered by new competitors. Changes to the products and services we offer related to AI and ML may affect customer expectations, requirements, or tastes in ways that the Company cannot adequately anticipate or adapt to, causing its business to lose revenues . Catastrophic events may disrupt our business.

Natural disasters or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could harm our business. We have our headquarters in Santa Monica, California, an area which in recent years has been increasingly susceptible to fires, severe weather events, and power outages, any of which could disrupt our operations, and which contains active earthquake zones. In the event of a major earthquake, hurricane, or catastrophic event such as fire, power loss, rolling blackouts or power loss, telecommunications failure, pandemic, geopolitical conflict such as the Russian invasion of Ukraine and Hamas’ attack against Israel and the ensuing war, cyber- attack, war, other physical security threats or terrorist attack, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our service offering development, lengthy interruptions in our service offerings, breaches of security, and loss of critical data, all of which would harm our business, results of operations, and financial condition. Acts of terrorism and similar events would also cause disruptions to the internet or the economy as a whole. Global climate change could also result in natural disasters occurring more frequently or with more intense effects, which could cause business interruptions. The long- term effects of the COVID- 19 pandemic and recovery from it on society and developer, creator, and user engagement remain uncertain, and a subsequent health crisis or pandemic, as well as the actions taken by various governmental, business and individuals in response, will impact our business, operations and financial results in ways that we may not be able to accurately predict. In addition, the insurance we maintain would likely not be adequate to cover our losses resulting from disasters or other business interruptions. Our disaster recovery plan may not be sufficient to address all aspects of any unanticipated consequence

or incident, we may not be able to maintain business continuity at profitable levels or at all, and our insurance may not be sufficient to compensate us for the losses that could occur. Changes in the state of the U. S. economy, such as rising inflation and a return to volatile or recessionary conditions in the United States or abroad, and volatile global economic conditions in general, could adversely affect our business or our access to capital markets in a material manner. To date, our principal sources of capital used to fund our operations have been the net proceeds we received from sales of equity securities and proceeds received from the issuance of convertible debt, as described herein. We have and will continue to use significant capital for the growth and development of our business, and, as such, we expect to seek additional capital either from operations or that may be available from future issuance (s) of common stock or debt financings, to fund our planned operations. Accordingly, our results of operations and the implementation of our long- term business strategy could be adversely affected by general conditions in the global economy, including conditions that are outside of our control, such as the historically high levels of inflation recently experienced by the United States, Europe and other key global markets. If the inflation rate continues to increase, it will likely affect all of our expenses, including, but not limited to, employee compensation expenses and energy expenses and it may reduce consumer discretionary spending, which could affect the buying power of individuals to which our advertisers promote, developers, and creators and lead to a reduced demand for our service offerings. Geopolitical developments, such as the war in Ukraine, Hamas' attack against Israel and the ensuing war, and tensions with China, and the responses by central banking authorities to control inflation, can increase levels of political and economic unpredictability globally and increase the volatility of global financial markets. Adverse macroeconomic conditions, including lower consumer confidence, persistent unemployment, wage and income stagnation, slower growth or recession, changes to fiscal and monetary policy, inflation, higher interest rates, currency fluctuations, economic and trade sanctions, the availability and cost of credit, and the strength of the economies in which we and our customers are located, have adversely affected and may continue to adversely affect our consolidated financial condition and results of operations. The most recent global financial crisis caused by COVID- 19 resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business and could have a material adverse effect on us, including limiting our ability to obtain additional capital from the capital markets. We could also be adversely affected by such factors as changes in foreign currency rates and weak economic and political conditions in each of the countries in which we operate. Our business is subject to risks generally associated with the entertainment industry. Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include the popularity, price to play, and timing of release of third- party and our own games and interactive content, economic conditions that adversely affect discretionary consumer spending, changes in user demographics, the availability and popularity of other forms of entertainment, and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.